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LEGISLATIVE HISTORY

Public Law 85-377  
S. 1740

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## INDEX AND SUMMARY OF S. 1740

Mar. 28, 1957 Sen. Johnston introduced S. 1740 which was referred to the Senate Post Office and Civil Service Committee. Remarks of Sen. Johnston. Print of bill as introduced.

May 15, 1957 Senate committee reported S. 1740 without amendment. S. Report No. 313. Print of bill and report.

June 3, 1957 Senate passed S. 1740 without amendment.

June 4, 1957 S. 1740 was referred to the House Post Office and Civil Service Committee. Print of bill as referred.

July 22, 1957 House subcommittee ordered S. 1740 reported with amendment.

Aug. 15, 1957 House committee reported S. 1740 with amendments. H. Report No. 1174. Print of bill and report.

Mar. 31, 1958 House passed S. 1740 as reported.

April 3, 1958 Senate concurred in House amendments to S. 1740.

April 11, 1958 Approved: Public Law 85-377.



DIGEST OF PUBLIC LAW 85-377

EXPENSES OF BENEFICIAL ASSOCIATION ASSUMPTION AGREEMENTS.

Amends the Federal Employees' Group Life Insurance Act of 1954 so as to provide authority to expend funds from the Federal employees' life insurance fund for the purpose of defraying administrative costs incurred in assuming and maintaining the life insurance policies of employees beneficial associations taken over by the Civil Service Commission.









# S. 1740

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## IN THE SENATE OF THE UNITED STATES

MARCH 28, 1957

Mr. JOHNSTON of South Carolina introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

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## A BILL

To authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 5 (c) of the Federal Employees' Group Life  
4       Insurance Act of 1954 is amended by inserting before the  
5       colon preceding the proviso therein a comma and the follow-  
6       ing: "except that such fund shall be available, without regard  
7       to any such limitations, for payment of any such expenses  
8       incurred in assuming and maintaining the assets and liabili-  
9       ties of associations referred to in section 10".

## A BILL

To authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

By Mr. JOHNSTON of South Carolina

MARCH 28, 1957

Read twice and referred to the Committee on Post Office and Civil Service



from any individual being too small, nor any person being too unimportant to get his attention, and with his greatness being attributed to a simple faith in God; and

"Whereas Mr. Priest, during his lifetime, was quoted as saying:

"Whatever my achievements may be, I shall look back—not on these achievements, but on the warm personal friendships I have made along the way.

"In the discharge of my duties, I have faced every issue frankly, and have acted forthrightly, without dodging, straddling, or equivocation. I have not followed the way of expediency to advance my own political personal ends;"; and

"Whereas in view of the entire life portrayed by James Percy Priest, the above excerpts being only a sketch of the fullness of same; and

"Whereas the people of this great State are always cognizant of the true virtues of life and eager to commemorate for the fulfillment of said virtues: Now, therefore, be it

*"Resolved by the House of Representatives of the 80th General Assembly of the State of Tennessee (the Senate concurring), That this tribute to this outstanding Tennessean be expressed by this joint resolution, and that as a body we extend to his bereaved family our sympathy and sincere condolence in the great loss sustained by them and by all the people of Tennessee; and be it further*

*"Resolved, That the 80th General Assembly go on record as being in support of the idea first proposed by the Reverend Harold D. Gregory, superintendent of missions, Nashville Baptist Association, with said idea later being carried into effect by the introduction of a resolution in the Congress of the United States by the Honorable Carlton Loser, whereby the new permanent Veterans Hospital at Nashville be named in honor of the late James Percy Priest; and be it further*

*"Resolved, That the clerk be directed to prepare and forward a copy of this resolution to each Mrs. J. Percy Priest and their 4-year-old daughter, Harriet Frances Priest; and be it further*

*"Resolved, That a copy of this resolution be sent to each Member of Congress and each United States Senator serving the State of Tennessee; and be it further*

*"Resolved, That a copy of this resolution be mailed to the President of the United States, the Honorable Dwight D. Eisenhower, who stated after the death of Congressman Priest:*

*"The Congress of the United States and the people of the Nation have lost a valuable Member, in the sudden passing of James Percy Priest of Tennessee."*

*"Adopted February 21, 1957.*

*"JAMES L. BOMAR,*

*"Speaker of the House of Representatives.*

*"Concurred in March 14, 1957.*

*"JARED MADDUX,*

*"Speaker of the Senate.*

*"Approved March 19, 1957.*

*"FRANK G. CLEMENT, Governor."*

Resolutions of the 62d Annual State Conference, Minnesota Daughters of the American Revolution, Minneapolis, Minn., relating to the treaty-making power, and so forth; to the Committee on the Judiciary.

## CONCURRENT RESOLUTIONS OF NORTH DAKOTA LEGISLATURE

Mr. YOUNG. Mr. President, on behalf of myself and my colleague, the senior Senator from North Dakota [Mr. LANGER], I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, House Concurrent Resolution V as approved by

the 35th Legislative Assembly of the State of North Dakota.

This concurrent resolution urges that the North Dakota waterfowl hunting season should open not later than the last Friday or Saturday in September in any year.

The concurrent resolution states that North Dakota produces more ducks than any other State, that many ducks begin migrating out of North Dakota from the middle of September and that Canadian provinces open their waterfowl season 2 weeks or more earlier than does North Dakota.

There being no objection, the concurrent resolution was referred to the Committee on Interstate and Foreign Commerce, and, under the rule, ordered to be printed in the RECORD, as follows:

### House Concurrent Resolution V

A concurrent resolution urging that the North Dakota waterfowl hunting season should open not later than the last Friday or Saturday in September in any year

Whereas North Dakota produces more ducks than any other State, and several times more than are shot by State licensed hunters; and

Whereas many ducks begin migrating out of North Dakota from the middle of September; and

Whereas our duck season in ordinarily closed, by virtue of weather conditions, by November first, or shortly thereafter; and

Whereas the Canadian provinces to our north open their waterfowl hunting season 2 weeks or more earlier than we do in North Dakota: Now, therefore, be it

*Resolved by the House of Representatives of the State of North Dakota (the Senate concurring therein), That the hunting season for migratory waterfowl should open not later than the last Friday or Saturday of September in any year; be it further*

*Resolved, That copies of this resolution be forwarded by the Secretary of State to the State game and fish commissioner, the North Dakota delegation in Congress, and the director of the United States Fish and Wildlife Service, Department of the Interior.*

*B. J. WOLF,*

*Speaker of the House.*

*GERALD L. STAIR,*

*Chief Clerk of the House.*

*CLYDE DUFFY,*

*President of the Senate.*

*VIC GILBREATH,*

*Secretary of the Senate.*

Mr. YOUNG. Mr. President, on behalf of myself and my colleague, the senior Senator from North Dakota [Mr. LANGER], I present for appropriate reference, and ask unanimous consent to have printed in the RECORD, Senate Concurrent Resolution EE which was approved by the North Dakota State Legislature on the 8th day of January of this year.

This resolution urges immediate measures by the President of the United States to limit petroleum imports to levels recommended by his cabinet fuels committee in February 1955. It further states that the failure of oil importing companies to limit imports as urged by the Government now requires mandatory Government actions to restrict petroleum imports in conformance with accepted defense standards.

There being no objection, the concurrent resolution was referred to the Com-

mittee on Finance, and, under the rule, ordered to be printed in the RECORD, as follows:

### Senate Concurrent Resolution EE

A concurrent resolution relating to the need to protect the national security by imposing a limitation on petroleum imports

Whereas expanding development of petroleum resources, dependent upon the incentives of increasing markets, is of primary importance to the economy of North Dakota and is essential in maintaining the financial requirements of our State government; and

Whereas the security of the United States and the national economy are dependent upon continued discovery and availability of increasing petroleum supplies in North Dakota and her sister States; and

Whereas the incentives to search for, find, and develop new petroleum reserves have been and are now undermined by excessive imports of petroleum and its products, as illustrated by the increasing encroachment of Canadian petroleum competing for North Dakota oil markets in the North Central United States; and

Whereas this growing economic threat to needed and essential expansion of our petroleum resources has been recognized by all branches of government as an impairment to the security of the United States and her allies in the free world; and

Whereas the Congress of the United States provided in the 1955 extension of the Trade Agreements Act authority for a limitation on petroleum imports when they threaten to impair the national security, and the administration, having ascertained that such impairment did exist, has acted without success to obtain voluntary limitations of petroleum imports in consonance with national defense standards enunciated by a Presidential Cabinet Fuels Committee and by the Congress; and

Whereas the failure of oil importing companies to limit petroleum imports as urged by Government in the name of national security, and the continued increase in these imports in defiance of such Government requests, now requires positive mandatory Government actions to restrict petroleum imports in conformance with accepted defense standards; and

Whereas this action must and should be taken immediately if the Nation is to avoid increasing imports and ultimate dependence on unreliable foreign sources of petroleum supply, the dangers of which are now illustrated by conditions in Western Europe, dependent for vital petroleum fuels on the Suez lifeline which is now disrupted; and

Whereas an effective limitation on petroleum imports is made more essential by worldwide expansion of oil tanker fleets and capacities which will enable the importation of unprecedented quantities of oil from the vast Middle East fields when normal movements of oil are restored in the eastern Mediterranean: Now, therefore, be it

*Resolved by the Senate of the State of North Dakota (the House of Representatives concurring therein), That this legislature hereby urges immediate measures by the President of the United States to limit petroleum imports to levels recommended by his Cabinet Fuels Committee in February 1955, and that North Dakota representatives in the United States Congress are herewith urged to pursue whatever actions they deem essential to assist in accomplishing this objective; and be it further*

*Resolved, That copies of this resolution be immediately dispatched by the secretary of state to the President of the United States, to the members of his Cabinet Fuels Committee, and to North Dakota Members of the*



United States Senate and the House of Representatives.

CLYDE DUFFY,  
*President of the Senate.*  
VIC GILBREATH,  
*Secretary of the Senate.*  
B. J. WOLF,  
*Speaker of the House.*  
GERALD L. STAIR,  
*Chief Clerk of the House.*

#### RESOLUTION OF CO-OP SERVICES, INC., NEW YORK MILLS, MINN.

Mr. HUMPHREY. Mr. President, I have just received a resolution from the Co-op Services, Inc., New York Mills, Minn., urging the adoption of a production payment system to assure 100 percent parity returns to family-type farmers.

I ask unanimous consent that the resolution be printed in the RECORD, and appropriately referred.

There being no objection, the resolution was referred to the Committee on Agriculture and Forestry, and ordered to be printed in the RECORD, as follows:

NEW YORK MILLS, MINN.,  
March 19, 1957.

HON. HUBERT HUMPHREY,  
*Senate Office Building,*  
*Washington, D. C.*

DEAR MR. HUMPHREY: We, the members of Co-op Services, Inc., representing approximately 1,900 shareholders, passed the following resolution at our 46th annual meeting which was held in New York Mills, Minn., on March 16, 1957. We ask that you give this resolution your gravest consideration.

Whereas farmers and business, not only in the trade area of this cooperative, but in the entire State of Minnesota, and the Nation, are greatly disturbed by the Secretary of Agriculture's present policies; and

Whereas such policies are causing hardship for the family-type farmer and the Main Street businessman, to the extent many cannot continue in business; therefore

We urge immediate adoption of a production payment system (similarly administered as the one for wool producers) to assure 100 percent parity returns to the family-type farmers, and avoid the reliance on heavy Government purchases and storage.

VERNER A. ANDERSON,  
*Secretary, Co-op Services, Inc.*

#### REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. CHAVEZ, from the Committee on Public Works, with an amendment:

S. 495. A bill to authorize the acquisition of the remaining property in square 725 in the District of Columbia, and the construction thereon of additional facilities for the United States Senate (Rept. No. 196).

By Mr. CHAVEZ, from the Committee on Public Works, with amendments:

S. 728. A bill to authorize the acquisition of the remaining property in square 725 and the property in square 724 in the District of Columbia for the purpose of extension of the site of the additional office building for the United States Senate or for the purpose of addition to the United States Capitol Grounds (Rept. No. 197).

#### COMPULSORY INSPECTION OF POULTRY AND POULTRY PRODUCTS—REPORT OF A COMMITTEE

Mr. ELLENDER. Mr. President, from the Committee on Agriculture and For-

estry, I report, favorably, an original bill to provide for the compulsory inspection by the United States Department of Agriculture of poultry and poultry products, and I submit a report (No. 195) thereon.

The PRESIDENT pro tempore. The report will be received and the bill will be placed on the calendar.

The bill (S. 1747) to provide for the compulsory inspection by the United States Department of Agriculture of poultry and poultry products, reported by Mr. ELLENDER, from the Committee on Agriculture and Forestry, was read twice by its title and placed on the calendar.

#### BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSTON of South Carolina:  
S. 1740. A bill to authorize the payment from the employees' life-insurance fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations; to the Committee on Post Office and Civil Service.

(See the remarks of Mr. JOHNSTON of South Carolina when he introduced the above bill, which appears under a separate heading.)

By Mr. DOUGLAS (for himself and Mr. CURTIS):

S. 1741. A bill to provide for an experimental program for making alcohol butadiene and for other purposes; to the Committee on Banking and Currency.

(See the remarks of Mr. DOUGLAS when he introduced the above bill, which appears under a separate heading.)

By Mr. MURRAY (for himself and Mr. MANSFIELD):

S. 1742. A bill to amend the acts approved April 16 and July 27, 1906 (34 Stat. 116 and 519), so as to authorize the Secretary of the Interior to convey certain lands on the Huntley reclamation project, Yellowstone County, Mont., to school district No. 24, Huntley project schools, Yellowstone County, Mont., to the Committee on Interior and Insular Affairs.

By Mr. AIKEN:

S. 1743. A bill to authorize cooperative associations of producers to bargain with purchasers singly or in groups, and for other purposes; to the Committee on Agriculture and Forestry.

(See the remarks of Mr. AIKEN when he introduced the above bill, which appears under a separate heading.)

By Mr. SMITH of New Jersey:

S. 1744. A bill for the relief of Sabir M. Amawi; and

S. 1745. A bill for the relief of Dominick Ducato; to the Committee on the Judiciary.

By Mr. STENNIS (for himself and Mr. EASTLAND):

S. 1746. A bill to provide for the conveyance of certain property of the United States in Gulfport, Miss., to the Gulfport Municipal Separate School District; to the Committee on Finance.

By Mr. ELLENDER:

S. 1747. A bill to provide for the compulsory inspection by the United States Department of Agriculture of poultry and poultry products; placed on the calendar.

(See the remarks of Mr. ELLENDER when he reported the above bill, which appears under a separate heading.)

By Mr. DWORSHAK (for himself, Mr. O'MAHONEY, and Mr. BARRETT):

S. 1748. A bill to add certain lands located in Idaho and Wyoming to the Caribou and Targhee National Forests; to the Committee on Interior and Insular Affairs.

By Mr. MAGNUSON (by request):

S. 1749. A bill to amend section 610 (a) of the Civil Aeronautics Act of 1938, as amended, to provide for the imposition of civil penalties in certain additional cases, and for other purposes; to the Committee on Interstate and Foreign Commerce.

(See the remarks of Mr. MAGNUSON when he introduced the above bill, which appears under a separate heading.)

By Mr. HILL (for himself and Mr. SMITH of New Jersey):

S. 1750. A bill to encourage the extension and improvement of voluntary health prepayment plans or policies; to the Committee on Labor and Public Welfare.

By Mr. KEFAUVER (for himself, Mr. GORE, Mr. EASTLAND, and Mr. STENNIS):

S. 1751. A bill granting the consent and approval of Congress to the Tennessee River Basin Water Pollution Control Compact; to the Committee on Public Works.

(See the remarks of Mr. KEFAUVER when he introduced the above bill, which appears under a separate heading.)

By Mr. MAGNUSON:

S. 1752. A bill to increase from 75 percent to 90 percent the maximum United States share of the cost of approved airport projects in Alaska; to the Committee on Interstate and Foreign Commerce.

By Mr. MAGNUSON (for himself, Mr. BIBLE, Mr. BRICKER, Mr. PAYNE, Mr. SCHOEPPPEL, and Mr. SMATHERS):

S. 1753. A bill relating to the reinvestment by air carriers of the proceeds from the sale or other disposition of certain operating property and equipment; to the Committee on Interstate and Foreign Commerce.

By Mr. McCLELLAN (by request):

S. 1754. A bill to amend the Federal Property and Administrative Services Act of 1949 to authorize the Administrator of General Services to lease space for Federal agencies for periods not exceeding 30 years, and for other purposes; to the Committee on Government Operations.

(See the remarks of Mr. McCLELLAN when he introduced the above bill, which appears under a separate heading.)

By Mr. FLANDERS:

S. 1755. A bill for the relief of D. Vijayadevaraj Urs; to the Committee on the Judiciary.

#### PAYMENT OF CERTAIN EXPENSES FROM EMPLOYEES' LIFE INSURANCE FUND

Mr. JOHNSTON of South Carolina. Mr. President, I am about to introduce a bill, and I ask unanimous consent that I may speak on it in excess of the 3 minutes allowed under the order which has been entered.

The PRESIDENT pro tempore. Without objection, the Senator from South Carolina may proceed.

Mr. JOHNSTON of South Carolina. Mr. President, the Federal Employees' Group Life Insurance Act was approved August 17, 1954. It is recognized and accepted as a farsighted and highly worthwhile piece of legislation. For that reason, I would not wish to have my remarks taken as a reflection on the merits of the law.

To the contrary, my remarks are directed to a special and somewhat peculiar problem arising out of its enactment. The problem did not develop unexpectedly after enactment of the law. It was fully anticipated before the law was enacted and Congress incorporated into the bill a provision suggested by the Civil Service Commission



designed to solve the problem. Unfortunately, the provision did not work out as anticipated and it became necessary to amend the act in the 84th Congress in order to make workable the provision in question. However, notwithstanding that action, the results desired and anticipated by the Congress have not been realized, and it seems evident that further legislative action will be required.

Mr. President, the details of the situation to which I refer are as follows:

First. When the Federal employees' life-insurance bill was being considered, it was brought out that its enactment would jeopardize the future of certain employee beneficial associations. The then Under Secretary of the Treasury, Marion B. Folsom, commented on this situation as follows:

Since the Federal Government has never provided group life insurance for its employees, there has grown up over the years a number of nonprofit employee beneficial associations. \* \* \* They exist simply for the purpose of providing Federal employees with small amounts of group life insurance. \* \* \*

Because of the advantages of the lower premiums of the proposed plan, it may thus be difficult for these beneficial plans to continue. The bill accordingly provides that in fairness to former employees not eligible to participate in the new program, but whose insurance protection might otherwise be lost because of it, their present coverage would be continued at present premium rates.

Second. Within a matter of months after passage of the act, it was found that the provision in question was at the same time both unworkable and inequitable. It was unworkable because of certain technical legal problems overlooked by the administration and the Civil Service Commission at the time the bill was drafted. It was inequitable because even had it been workable, only the policies of former Federal employees would be continued in force in accordance with the terms under which they were obtained, whereas the policies of current employees would be discontinued or the premiums raised to a prohibitive level.

Third. In recognition of both the unworkability and inequity of the provision in question, Congress amended the act on August 11, 1955, authorizing and directing the Civil Service Commission to take over all of the insurance policies held by present and former employees alike with these beneficial associations.

Fourth. Since that time the Commission has taken over some 50,000 or more policies constituting the business of 16 associations.

Fifth. There remain some 9 of the larger associations with from 90,000 to 100,000 policyholders that have not been taken over.

Mr. President, it is in connection with these 9 associations and their 90,000 policyholders that the rub occurs.

The Civil Service Commission contends that it cannot complete the job without appropriate authorization from Congress to spend \$95,000 this year, out of the life-insurance reserve fund.

In these circumstances one would expect the Commission to show some con-

cern over its inability to give full effect to a law it has a responsibility to carry out. One would expect a certain feeling of distress that many elderly retired persons stand to lose their small insurance protection unless the urgency of the situation is recognized promptly. Yes, one would expect some evidence of alarm. But none of these normal reactions has occurred.

To my utter astonishment, the Commission virtually invited the House Appropriations Committee to deny it the funds to complete the job it is required by law to perform. Those testifying in this vein on behalf of the Commission were ex-Chairman Philip Young; the current Executive Director, John Macy, and the Chief of Departmental Operations, Warren B. Irons.

The Appropriations Committee accepted the invitation of the aforementioned gentlemen and eliminated the funds.

Let me make clear that I have no quarrel with the Appropriations Committee and no fault to find with the action it took. On the basis of the Commission's testimony it could hardly do otherwise. I do, however, submit that the Commission failed to present a full and complete explanation of the situation in support of the request for the funds necessary to complete the job. If that had been done, I am confident the result would have been different.

Mr. President, I introduce for appropriate reference, a bill to authorize the payment from the employees' life insurance fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

I ask unanimous consent that the bill be printed in the Record, together with a statement of four Federal employees' group life insurance associations recently submitted by them to the Appropriations Committee.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill and statement will be printed in the Record.

The bill (S. 1740) to authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations, introduced by Mr. JOHNSTON of South Carolina, was received, read twice by its title, referred to the Committee on Post Office and Civil Service, and ordered to be printed in the Record, as follows:

*Be it enacted, etc.,* That section 5 (c) of the Federal Employees' Group Life Insurance Act of 1954 is amended by inserting before the colon preceding the proviso therein a comma and the following: "except that such fund shall be available, without regard to any such limitations, for payment of any such expenses incurred in assuming and maintaining the assets and liabilities of associations referred to in section 10."

The statement presented by Mr. JOHNSTON of South Carolina is as follows:

STATEMENT OF FOUR FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ASSOCIATIONS CONCERNING THE ALLOWANCE OF ADDITIONAL FUNDS TO THE CIVIL SERVICE COMMISSION TO PERMIT COMPLETION OF THE PROGRAM ESTABLISHED BY THE CONGRESS IN SECTION 10 OF THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954, AS AMENDED

By section 10 of the Federal Employees' Group Life Insurance Act of 1954, as amended, the Congress provided for the assumption by the Government of the insurance obligations of certain Government employee group life insurance associations, conditioned upon the continued payment of dues by the members and the transfer to the Government of the assets of the associations. Upon the adoption of the original group life insurance program 25 nonprofit associations of Federal employees were faced with extinction and the consequent loss of insurance benefits which theretofore had been voluntarily maintained by thousands of present and former Government employees, and to remedy this unfortunate predicament the Congress amended the act as stated above.

Promptly following the enactment of the amendment the Civil Service Commission proceeded to negotiate assumption agreements with the eligible associations and the transfers of 16 of these associations having a membership of approximately 54,214 persons have now been completed. These associations delivered to the Government assets worth approximately \$5 million and the Government assumed life insurance agreements amounting to approximately \$82 million. However, due to the lack of funds the Commission has been required to cancel assumption dates and suspend negotiations with the remaining nine associations, and has announced that it will be unable to proceed further until funds are available. The four associations which subscribe to this statement have a membership of approximately 68,687, and assets aggregating approximately \$13 million, which will be delivered to the Commission upon completion of the arrangements, and the Government will assume life insurance agreements approximating \$116,500,000. In the meantime, the deadline for the completion of these arrangements as fixed by section 10 of the act, namely, August 17, 1957, is fast approaching.

The importance of this matter to the associations which have not yet completed their transfers under this program cannot be overemphasized. With faith in the procedure established by the Congress they have, since the amendment to section 10, directed all of their operations toward the transfer to the Government. The liquidation of hundreds of thousands of dollars in securities and reinvestment in Government obligations at the direction of the Civil Service Commission has already cost them thousands of dollars in principal and interest.

Under the circumstances enumerated it is respectfully submitted that there is no basis for considering that the 68,687 members of these 4 associations are less deserving of insurance protection than the 54,214 persons whose insurance agreements have already been assumed by the Civil Service Commission. Should this authorization not be given it would result in denying to many employees and former employees of the Government the same insurance protection already given to others under this act.

These associations have made application for this protection the same as others who are now enjoying it, and it rests solely with the Commission to set a date for the completion of the arrangements.

It is our belief that Congress has every desire to be as fair with employees of one branch of the Government as with another,



and the inequities of the situation as set forth in this memorandum is respectfully called to your attention to the end that it may be corrected by merely authorizing the Civil Service Commission to use from the employees' life insurance fund an additional amount estimated to be less than \$100,000.

In conclusion it may be said that in a conference with officials of the Civil Service Commission we were advised that it is their desire to have this authorization so that they may promptly complete the arrangement with these associations for the assumption of the life-insurance agreements of these nonprofit Federal employee associations.

Respectfully submitted.

NAVY DEPARTMENT BENEFICIAL  
ASSOCIATION,  
HUGH McCULLOUGH, *President*.  
WAR DEPARTMENT BENEFICIAL  
ASSOCIATION,  
W. A. KENYON, *Secretary-Treasurer*.  
UNITED STATES TREASURY DEPARTMENT  
BENEFICIAL ASSOCIATION,  
OLNEY W. STRATTON, *President*.  
DEPARTMENT OF INTERIOR BENEFICIAL  
ASSOCIATION,  
GUY W. NUMBERS, *President*.

#### MANUFACTURE OF SYNTHETIC RUBBER FROM SURPLUS GRAIN

Mr. DOUGLAS. Mr. President, on behalf of myself and the Senator from Nebraska [Mr. CURTIS], I introduce a bill which I ask to have appropriately referred, and printed in the RECORD at this point.

There being no objection, the bill (S. 1741) to provide for an experimental program for making alcohol butadiene and for other purposes, introduced by Mr. DOUGLAS (for himself and Mr. CURTIS) was received, read twice by its title, referred to the Committee on Banking and Currency, and ordered to be printed in the RECORD, as follows:

*Be it enacted, etc.* That this act may be cited as the "Experimental Alcohol-Butadiene Program Act."

SEC. 2. The President is authorized and directed to conduct an experimental program for manufacturing butadiene from alcohol produced from agricultural products, for the purpose of demonstrating the commercial feasibility and ascertaining the costs of such production: The President is authorized and directed to carry on such scientific or production research as he may deem appropriate to carry out the program authorized by this act, including the development of improved processes and the development and commercial production of byproducts.

SEC. 3 (a). Notwithstanding any other provision of law, the Federal Facilities Corporation is authorized and directed to transfer to any official or agency designated by the President the alcohol-butadiene plant at Louisville, Ky., known as Plancor No. 1207, for use in the program authorized by this act.

(b) Notwithstanding any other provision of law, the Administrator of the General Services Administration is authorized and directed to transfer to any official or agency designated by the President the Government-owned alcohol-producing facility at Omaha, Nebr., known as Plancor No. 1608, for use in the program authorized by this act.

(c) Notwithstanding any other provision of law, any Government agency holding any Government-owned facility useful in the program authorized by this act is authorized to transfer such facility to any official or agency designated by the President, for use in such program, if requested to do so by such official or agency with the approval of the Director of the Bureau of the Budget.

(d) Any official or agency designated by the President to administer this program is au-

thorized to exercise, with respect to the facilities transferred under this section, all the authority vested in the agencies which so transferred such facilities. At the time of such transfer, funds and personnel related to the operation or administration of such facilities shall, with the approval of the Director of the Bureau of the Budget, also be transferred to such official or agency.

SEC. 4. For the purpose of carrying out the program authorized by this act, and to the extent required for this purpose, the President, or such official or agency as may be designated by him, is further authorized to exercise the following powers:

(a) To buy, build, purchase, or lease such land or interests therein, plant facilities or equipment as he may deem appropriate in connection with the program authorized by this act, including alterations or replacements of existing facilities and new facilities needed to improve processes or to develop and produce byproducts, without regard to section 3709 of the Revised Statutes or section 302 of the Federal Property and Administrative Services Act of 1949, as amended.

(b) To enter into leases and other contracts for the operation of the plants transferred under this act, and to contract with the owners of other facilities useful in the program authorized by this act, when and to the extent and under such terms and conditions as the President may deem most advantageous, without regard to section 3709 of the Revised Statutes, or section 302 of the Federal Property and Administrative Services Acts of 1949, as amended.

(c) To acquire from any Government agency, including the Commodity Credit Corporation, materials or products needed in the production of alcohol, alcohol butadiene, or byproducts, on payment to such agency of the cost to such agency of the materials or products.

(d) To buy, sell, or lease materials, commodities, or other personal property, and to operate the facilities used by him in carrying out the program authorized under this act, without regard to section 3709 of the Revised Statutes, or section 302 or title II of the Federal Property and Administrative Services Act of 1949, as amended, to the extent deemed necessary by him to carry out the business operations involved in the program.

(e) Without regard to the civil-service laws or the Classification Act of 1949, as amended, or the Veterans Preference Act, to employ and fix the compensation of such persons as he may deem necessary to carry on production operations in the facilities operated under this act.

SEC. 5. (a) The President, or the official or agency designated hereunder, is authorized to obtain money from the Treasury of the United States for use in the performance of the powers and duties granted to him under this act, not to exceed a total of \$\_\_\_\_\_, outstanding at any one time. For this purpose appropriations not to exceed \$\_\_\_\_\_ are authorized to be made to a revolving fund in the Treasury. Advances shall be made to the President, or such official or agency, from the revolving fund when requested by the President, or such official or agency.

(b) All moneys available to the President, or such official or agency, in connection with this program may, when not otherwise employed, be deposited with the Treasury of the United States subject to check by authority of the President, or such official or agency, under this act, or such funds may be deposited in any bank in which deposits are insured by the Federal Deposit Insurance Corporation, subject to check by authority of the President, or such official or agency, under this act.

SEC. 6. This act shall terminate June 30, 1962.

Mr. DOUGLAS. Mr. President, this bill provides for an experimental program to convert surplus grain into syn-

thetic rubber. The measure calls for experimentation in low-cost conversion of grains into alcohol for use in making alcohol butadiene, an important ingredient of synthetic rubber.

The subcommittee asked the President's Appointed Bipartisan Commission's proposal to sell the government-owned alcohol butadiene plant at Louisville, Ky., without limitation to alcohol-using purposes. Several witnesses and members of the subcommittee voiced preference for a trial grain-to-alcohol-to-synthetic-rubber program.

The subcommittee asked the President's Appointed Bipartisan Commission on Increased Industrial Use of Agricultural Products to comment on the administration bill. In reply, J. Leroy Welsh, Chairman of the Commission, has sent the committee a statement of the facts. In a letter accompanying the statement, Mr. Welsh declared that "the cost of an alcohol butadiene program probably would be lower than some of the current grain disposal programs," but he added that "the Commission cannot anticipate the results from an experimental cost-finding operation."

Mr. Welsh added that "should Congress, by authorizing a cost-finding period of alcohol-butadiene operation, approve an effort to appraise the eventual economies involved, the matter could thus be determined." The Douglas-Curtis bill contains such authorization.

I believe that a trial program of converting grain into synthetic rubber would show new ways to make effective use of some of our farm surpluses, especially corn. I hope to hold hearings on this matter in late April.

I ask unanimous consent that there be printed in the RECORD at this point as a part of my remarks a letter from J. Leroy Welsh, Chairman of the President's Commission, to the Senator from Arkansas [Mr. FULBRIGHT], together with a memorandum which Mr. Welsh and his Commission have prepared on the question of the disposal of surplus cereal grains.

There being no objection, the letter and memorandum were ordered to be printed in the RECORD, as follows:

PRESIDENT'S APPOINTED BIPARTISAN  
COMMISSION ON INCREASED INDUS-  
TRIAL USE OF AGRICULTURAL PRODUCTS,  
Washington, D. C., March 19, 1957.  
Hon. J. W. FULBRIGHT,  
United States Senate.

DEAR SENATOR FULBRIGHT: On March 7, in reply to your letter of March 5, I wrote stating that this Commission has a potential interest in the Louisville butadiene plant whose disposition has been before you for immediate consideration.

The Commission is aware that an alcohol-butadiene operation could provide an important outlet for the disposal of grain surpluses. Among the considerations involved, besides disposal, are possible future outlets for grain, the need for cost-finding experiments, and some associated opportunities for research.

From the facts that have come to the Commission's attention the alcohol-butadiene process cannot at present compete economically with the present production from petroleum. What the long-time situation could be remains for further research and experiment to determine. The cost of an alcohol-butadiene program probably would be lower than some of the current grain disposal programs.







May 15, 1957

9. BUDGET. Sen. Knowland inserted the President's address on the budget (pp. 6211-14).  
Sen. Smith urged unity behind the President's budget (p. 6214).  
Sen. Goldwater inserted sections from the 1956 Republican platform to show budget cuts were called for therein (p. 6215).  
Sen. Wiley urged that Congress adopt the budget, and stated: "I do not see how we can assume that we can cut one, two, three, four, or five billion dollars arbitrarily from the budget without harming some essential program." (pp. 6227-8).  
Sen. Byrd stated that the President's speech "failed to show new conditions necessitating such an increase" over the 1956 budget (p. 6228).  
Senators Javits, Cooper, Carlson, Case, and Allot urged support of the budget (pp. 6228-30).
10. MONETARY POLICIES. Sen. Byrd inserted a speech by the Director of the International Monetary Fund on the need for monetary stability (pp. 6232-3).
11. FOREIGN AID. Sen. Morton inserted a statement on the Foreign Aid Program, in which he urged support for foreign aid. pp. 6215-7
12. FOREIGN TRADE. Sen. Malone urged that the Trade Agreements Act of 1934 be allowed to expire in 1958, and criticized GATT and OTC as giving to other nations control over our trade. Senators Talmadge, Martin, and Barrett discussed the question. pp. 6234-40
13. D.C. AUDITORIUM. Agreed to the Conference report on H.R. 4813, to extend the life of the District of Columbia Auditorium Commission. pp. 6275-6
14. EDUCATION. Received from the U.S. Advisory Commission on Education Exchange a report on educational exchange activities (H. Doc. 176). p. 6198
15. LOANS. Received from the Comptroller General an audit report on the Reconstruction Finance Corporation and Defense Lending Div., Treasury Department, for fiscal year 1956. p. 6198
16. STATEHOOD. Received an Okla. Legislature resolution urging immediate statehood for Alaska and Hawaii. p. 6199
17. PERSONNEL. The Post Office and Civil Service Committee reported without amendment S. 1740, to authorize payment from the Employee's Life Insurance Fund of expenses assumed in maintaining the assets and liabilities of certain beneficial associations (S. Rept. 313). p. 6199
18. LEGISLATIVE PROGRAM. Sen. Johnson announced the following program: Thurs., May 16, consideration of S. 413, transferring title of irrigation systems to the users after the Federal costs were paid; and S. 1555, approving the Little Missouri River compact. Fri., May 17, consideration of H.R. 6700, the Commerce Department appropriation bill for 1958. S. Res. 78, authorizing a study of raw materials and resources of the Soviet Union and other countries, remained the unfinished business. pp. 6198, 6240, 6275.

ITEMS IN APPENDIX

19. RURAL DEVELOPMENT. Sen. Morton inserted Under Secretary Morse's recent speech before the Regional Work Conference on rural development programs. pp. A3701-3

20. ELECTRIFICATION. Sen. Johnston inserted an editorial criticizing the "power trust press" for opposing the proposed Hartwell (S.C.) Dam. p. A3705  
Sen. Goldwater inserted an editorial, "High Court Ruling on Hells Canyon Fine Victory for Private Enterprise." p. A3708  
Various insertions favoring and opposing the Trinity River partnership program. pp. A3708-9, A3713, A3718-9, A3722-3
21. FOREIGN AID. Sen. Talmadge inserted a newspaper editorial criticizing the manner in which tax money is spent for foreign aid. p. 3707
22. BANKING AND CURRENCY. Rep. Roosevelt inserted an analysis of the proposed new banking law (S. 1451) and stated that this bill removes many of the basic safeguards written into our banking philosophy. pp. A3709-11
23. FARM PROGRAM. Rep. Knutson inserted a newspaper editorial "Direct to Farmer Payments for Full Parity: Key to Efficiency". p. A3718
24. TEXTILES. Rep. Lane inserted a letter sent to the President by the Textile Workers Union of America calling attention to the economic illness of the textile industry. pp. A3719-20
25. IRRIGATION. Rep. Engle inserted an address delivered before the International Commission on Irrigation and Drainage outlining programs for the future and commending the progress this country has made in land and water development. pp. A3721-2

#### BILLS INTRODUCED

26. SMALL BUSINESS. H.R. 7563, by Rep. Brown, Mo., "to amend the Small Business Act of 1953, as amended;" to Banking and Currency Committee
27. BUDGET. H.R. 7565, by Rep. Collier, to permit one-half of the budget surplus for any fiscal year to be applied against the public debt and to provide that one-half of such surplus shall be applied as tax credits against individual income taxes; to Ways and Means Committee.
28. FOOD STAMPS. H.R. 7572, by Rep. Shelley, to provide supplementary benefits for recipients of public assistance and benefits for others who are in need through the issuance of stamps or certificates to be used in the acquisition of surplus agricultural commodities, etc.; to Agriculture Committee.
29. CIVIL DEFENSE. H.R. 7576, by Rep. Durham, to further amend the Federal Civil Defense Act of 1950, as amended; to Armed Services Committee.
30. WATERSHEDS. H.R. 7580, by Rep. Harrison, Va., to amend the Watershed Protection and Flood Prevention Act to provide that its loan provisions shall be applicable to certain other projects; to Agriculture Committee.
31. PERSONNEL. H.R. 7581, by Rep. O'Hara, Ill., to provide health insurance for Government employees; to Post Office and Civil Service Committee.
32. ETHICS. H. Con. Res. 175, proposing a code of ethics for Government service; to Post Office and Civil Service Committee.
33. EMPLOYMENT. S. 2076, by Sen. Martin, Penna., to extend and improve the unemployment-compensation program; to Finance Committee.



AUTHORIZING THE PAYMENT FROM THE EMPLOYEES' LIFE  
INSURANCE FUND OF EXPENSES INCURRED BY THE CIVIL  
SERVICE COMMISSION IN ASSUMING AND MAINTAINING THE  
ASSETS AND LIABILITIES OF CERTAIN BENEFICIAL ASSOCIA-  
TIONS

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MAY 15, 1957—Ordered to be printed

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Mr. JOHNSTON of South Carolina, from the Committee on Post Office  
and Civil Service, submitted the following

## REPORT

[To accompany S. 1740]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 1740) to authorize the payment from the employees' life insurance fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

### PURPOSE

S. 1740 amends section 5 (c) of the Federal Employees' Group Life Insurance Act of 1954 to authorize the Civil Service Commission to use money out of the insurance reserve fund for the payment of expenses incurred in carrying out Public Law 356, approved August 11, 1955, relating to the assumption of the assets and liabilities of certain beneficial associations.

### STATEMENT

When the Federal Employees Group Life Insurance Act of 1954 was still under consideration, it was recognized that its enactment would jeopardize the future of most Federal employee beneficial associations.

In full recognition of that fact, Congress incorporated into the bill a provision suggested by the Civil Service Commission designed to solve the problem. Unfortunately, the provision was found to be both unworkable and of doubtful legality. It was unworkable because of a number of technical problems not anticipated at the time of enactment. It was of doubtful legality because even if it had been found to be workable, only the policies of former Federal employees would be

continued in force in accordance with the terms under which they were obtained, whereas the policies of current employees would be discontinued or the premiums raised to a prohibitive level.

In recognition of both the unworkability and doubtful legality of the provision in question, Congress amended the Federal Employees' Group Life Insurance Act of 1954 on August 11, 1955, to authorize and direct the Civil Service Commission to take over the assets and liabilities of the beneficial associations. Such action was taken to assure the continuation and protection of insurance policies held by both former and present employees alike.

Since the act of August 11, 1955, the Commission has assumed the assets and liabilities of 16 beneficial associations with some 50,000 policyholders. There remain to be taken over 9 associations with slightly over 90,000 policyholders.

It is with respect to these 9 associations and their 90,000 policyholders that the problem exists which this bill would overcome.

First, under present law the Commission has only until August 17, 1957, in which to complete the job.

Second, the Commission is without funds with which to perform the job it is directed by law to accomplish.

Therefore, unless prompt action is taken many of these 90,000 policyholders stand to suffer irreparable damage and in all likelihood the Government will be the defendant in a great number of suits.

S. 1740 would authorize the Commission to draw on the insurance reserve fund as necessary to complete the assumption of the assets and liabilities of the remaining 9 associations. The Civil Service Commission estimates that the amount of funds required would not exceed \$180,000.

#### CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill as reported are shown as follows (new matter is printed in italics; existing law in which no change is proposed is shown in roman):

#### FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954

SEC. 5. (a) \* \* \*

(b) \* \* \*

(c) The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created. Said fund is hereby made available without fiscal year limitation for premium payments under any insurance policy or policies purchased as authorized in sections 7 and 10 of this Act, and for any expenses incurred by the Commission in the administration of this Act within such limitations as may be specified annually in appropriation acts, *except that such fund shall be available, without regard to any such limitations, for payment of any such expenses incurred in assuming and maintaining the assets and liabilities of associations referred to in section 10: Provided, That appropriations available to the Commission for salaries and expenses for*

the fiscal year 1955 shall be available on a reimbursable basis for necessary administrative expenses of carrying out the purposes of this Act until said fund shall be sufficient to provide therefor. The income derived from any dividends or premium rate adjustments received from insurers shall constitute a part of said fund.



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85TH CONGRESS  
1ST SESSION

**S. 1740**

[Report No. 313]

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IN THE SENATE OF THE UNITED STATES

MARCH 28, 1957

Mr. JOHNSTON of South Carolina introduced the following bill; which was read twice and referred to the Committee on Post Office and Civil Service

MAY 15, 1957

Reported by Mr. JOHNSTON of South Carolina, without amendment

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**A BILL**

To authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 5 (c) of the Federal Employees' Group Life  
4       Insurance Act of 1954 is amended by inserting before the  
5       colon preceding the proviso therein a comma and the follow-  
6       ing: "except that such fund shall be available, without regard  
7       to any such limitations, for payment of any such expenses  
8       incurred in assuming and maintaining the assets and liabili-  
9       ties of associations referred to in section 10".

[Report No. 313]

# A BILL

To authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

By Mr. JOHNSTON of South Carolina

MARCH 28, 1957

Read twice and referred to the Committee on Post Office and Civil Service

MAY 15, 1957

Reported without amendment





# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued June 4, 1957  
For actions of June 3, 1957  
85th-1st, No. 94

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HIGHLIGHTS: (See page 7.)

## SENATE

1. APPROPRIATIONS. Both Houses agreed to the conference report on H.R. 6700, the Commerce Department appropriation bill for 1958. (For items of interest to this Department, see Digest 91.) pp. 7310, 7313-14, 7315-18, 7354-5. This bill will now be sent to the President.  
Sens. Johnson and Mansfield discussed the handling of appropriation bills, and the matter of the item-veto. Sen. Carlson inserted a list of 39 States giving the executive the item-veto power on appropriation bills. pp. 7287-8
2. FORESTS. Both Houses received from this Department a proposed bill to facilitate the work of the Forest Service through various changes in requirements regarding reimbursements, contracting, station transfers, employee health, property, land purchase, etc. To Senate Agriculture <sup>and Forestry</sup> Committee and House Agriculture Committee. pp. 7288, 7394
3. STATION TRANSFERS. The Government Operations Committee reported with amendment S. 1408, to provide allowances for the transportation of house trailers by transferred Government employees (S. Rept. 398). p. 7293
4. TRANSPORTATION. Received a Fla. Legislature resolution urging repeal of the excise tax on transportation. p. 7290



5. FOREIGN AID. Sen. Thurmond inserted a Charleston, S. C., Chamber of Commerce resolution protesting against the continuation of the foreign aid program. p. 7292  
Sen. Smith, N. J., inserted an article by Under Secretary of State Herter, "Why We're Still Sending Money Abroad." pp. 7296-7  
Sen. Smith, N. J., inserted Ambassador Richards' statement to the Senate Foreign Relations Committee on his recent trip to the Middle East. pp. 7297-8  
Sen. Wiley inserted a speech by David Rockefeller urging the need for a Middle East Development Authority, which Sen. Wiley described as "The type of modus vivendi which is essential to extricate that region from the rut of troubles." pp. 7299-7302
6. ELECTRIFICATION; RECLAMATION. Sen. Thurmond inserted a Charleston, S. C., Chamber of Commerce resolution opposing S. 555, which would authorize a high dam at Hells Canyon. p. 7292
7. BUILDINGS. The Government Operations Committee reported without amendment S. 1535, allowing General Services Administration to make contracts of up to 5 years for cleaning and custodial services (S. Rept. 396). p. 7293
8. PERSONNEL. The Government Operations Committee reported without amendment S. 1799, to facilitate the payment of Government checks (S. Rept. 397). p. 7293  
Passed without amendment S. 1740, to allow the payment by the Civil Service Commission of expenses incurred in maintaining the assets of certain beneficial insurance associations. pp. 7318-20
9. ST. LAWRENCE SEAWAY. Sen. Butler inserted a speech which contended that the Seaway tolls should be set high enough to recover the costs of construction, and keep all forms of transportation competitive. pp. 7308-10
10. TAX AMORTIZATION. Sen. Morse discussed and inserted editorials and articles on the tax writeoff certificate granted the Idaho Power Co. pp. 7311-13
11. RESEARCH. Sen. Morse urged the restoration of funds for the National Science Foundation and inserted five items dealing with it. pp. 7348-51
12. MARKETING. Received a report from the Federal Trade Commission for fiscal year 1956. p. 7288
13. FLOOD CONTROL. Received a proposed bill from the Secretary of the Army to amend Section 5 of the Flood Control Act of 1941 as amended, relating to emergency flood control work; to the Public Works Committee. p. 7289
14. HOUSING LOANS. Received a Calif. Legislature resolution urging that there be no increase in the interest rates on veterans' home loans. p. 7289
15. ATOMIC ENERGY. Sen. Kerr inserted an Okla. Legislature resolution urging cooperation in the U.N. with every peaceful means possible to create an international atomic health service. pp. 7290-1
16. WATER RESOURCES. Sen. Kerr inserted an Okla. House resolution urging an inquiry into the Corps of Engineers land procurement practices in the Oolagah Dam area on the Verdigris River. pp. 7291-2



Mr. HOLLAND. Mr. President, when the bill was passed on the floor of the Senate on May 17, the Senate version of the bill was in agreement with the House version on the item of \$1,690,000,000 payable from the highway trust fund covering the interstates highway program and various other Federal aid highway programs. The Senate version of the bill was also in agreement with the House version on 20 of the remaining 36 money items. The bill as passed by the Senate—exactly as reported by the committee, and without amendment on the floor—contained 31 amendments of the House version of the bill.

In the conference—which was most pleasant—the Senate prevailed in the case of 8 amendments, covering items as follows: First, amendment No. 6, a reduction of \$5 million in liquidating cash for airport grants; second, amendment No. 8, an additional \$2,167,000 for the industry divisions of the Business and Defense Services Administration; third, amendment No. 12, a reduction of \$65 million in appropriations for maritime operating-differential subsidies; fourth, amendment No. 22, additional funds of \$117,000 for school facilities for handicapped children in the Canal Zone; fifth, amendment No. 24, language authorizing \$100 per diem for consultants for the Canal Zone Government, subject, however, to an existing overall limitation of \$15,000 per annum for such services; sixth, amendment No. 27, a reduction for the Civil Aeronautics Board of \$1.5 million in payments to air carriers; seventh and eighth, amendments No. 28 and No. 29, provision of the full budget estimate for the Tariff Commission by the restoration of \$60,000 to the House version of the bill.

As indicated by the message from the House, the House recedes from its disagreement to and concurs in amendments 11, 13, and 14. The first of these relates to provision of administrative expense authorization for ship-construction activities previously authorized; the latter 2 amendments include language providing \$65 million for maritime operating-differential subsidies to be derived by transfer of balances from the War Shipping Administration liquidation fund, in lieu of an appropriation in a like amount, and provide for rescission of unrequired amounts remaining in the War Shipping Administration liquidation fund.

The House prevailed in 10 amendments, covering items as follows:

First. Amendment 3, involving aircraft in the Civil Aeronautics Administration.

Second. Amendment 9, restoration of a proposed \$195,000 reduction from the budget estimate for the Office of Area Development.

Third and fourth. Amendments 15 and 16, \$2 million additional over the amount provided in the Senate version of the bill for liquidating cash for forest highways.

Fifth. Amendment 17, consultant limitation for the Bureau of Public Roads.

Sixth. Amendment 21, elimination of proposed supergrades for the Civil Aeronautics Administration.

Seventh. Amendment 23, capital outlay funds for the Canal Zone Govern-

ment reduced \$25,000 from the Senate version of the bill.

Eighth. Amendment 25, elimination of funds for the Advisory Committee on Weather Control.

Ninth and tenth. Amendments 30 and 31, reinstatement of a prohibition on use of management consultants in the field of management or organization.

That is referred to generally as the Gross amendment, which had been adopted on the floor of the House.

Compromise agreements were reached in 10 other instances involving passenger motor vehicles and aircraft for the CAA; funds for operation and regulation of the Federal airways; the establishment of air navigation facilities; administrative-expense limitation for air navigation-development activities; foreign-trade promotion activities of the Bureau of Foreign Commerce; consultant authority and limitation on funds to be utilized for such purposes in the Bureau of Public Roads; basic program functions of the National Bureau of Standards; operating expenses of the Weather Bureau; and administrative expenses of the Civil Aeronautics Board.

The utilization of the \$65 million in War Shipping Administration liquidation funds for the operating-differential subsidies account of the Maritime Administration—to which I have already referred—though a reduction in appropriations, is not a reduction in expenditures, and must not be so considered. It is, however, a needed step in the direction of eliminating a balance which has been carried on the Treasury books, with annual renewal by the Congress, since 1948.

Mr. BYRD. Mr. President, will the Senator yield?

Mr. HOLLAND. I yield.

Mr. BYRD. I congratulate the Senator very heartily on that action, which I think could well be extended to many other inactive accounts. The Senator from Florida has done a splendid job, not only in respect to that item, but in regard to the entire bill, both as chairman of the subcommittee of the Senate, and as a member of the conference committee.

Mr. HOLLAND. I appreciate that statement very highly. Whenever anyone receives a compliment from the distinguished senior Senator from Virginia on the floor of the Senate, it means he must have acted rather cautiously and wisely. So, for the entire conference committee, consisting of the full number of our subcommittee from the Senate, and a similar number from the House, I want to say we greatly appreciate the comments of the distinguished senior Senator from Virginia.

Mr. BYRD. It was a very sincere compliment, and I certainly appreciate what the distinguished Senator from Florida has said.

Mr. HOLLAND. I thank the Senator.

I may say, with respect to this item, which currently amounts to approximately \$76 million or \$77 million, which is what remains of larger amounts continued available since 1948, under appropriations by Congress, \$65 million was made available to a similar activity having to do with ships. As the House had

suggested, we left \$10 million as a reserve to complete the liquidation of the War Shipping Administration claims. The balance of between \$1 million and \$2 million we transfer to the surplus fund. So that the surplus funds, in one pocket, which the Senator from Virginia has been so strongly suggesting for several years ought to be rescinded, or appropriated where they can be used, and used on necessary expenditures for the current or approaching fiscal year, have been used for that purpose in this instance.

As a member of the Joint Committee on Reduction of Nonessential Expenditures, which is so ably headed by the senior Senator from Virginia, I may say I am happy this is one item, if not the first, in which we are carrying out one of the major objectives of that committee. The record shows that \$10 million remaining in that liquidation account will be adequate to settle outstanding claims.

There are 1 or 2 additional comments I should like to make. Senators will recall that in the handling of the funds for safer installations on the airlines or on the air lanes for the CAA, both the House and the Senate committees had insisted that a sizable part of the appropriation recommended in the budget be transferred to the military budget, because it was for the serving of military planes.

I am happy to say that in spite of the great cuts made by the House in the defense appropriation bill, which it passed a few days ago, there was added to that bill by amendment from the floor the amount of \$21,500,000, which is a necessary expenditure to provide for greater safety for military planes—and since it affords them greater safety, it means greater safety is likewise assured to civilian planes which must at times be traversing the same areas. So that the safety of people traversing the air lanes is being safeguarded in that particular way, by providing the particular appropriation in another measure.

I should like to make one more point. I think it is important for the Record to give a sort of summary of the reduction of which all members of the committees, both in the House and the Senate, are quite proud.

The amount covered by the conference bill, which is in a total of \$597,790,225, is \$55,894,835, or 8.6 percent, below the amount voted by the House.

The total of the conference bill is \$15,794,065, or 2.6 percent, below the amount voted by the Senate.

The amount carried in the conference bill is \$273,722,775, which is more than a quarter of a billion dollars, or 31.4 percent, below the budget estimate.

The conference bill appropriation is also 22.2 percent below the amount appropriated to date for the present fiscal year.

Mr. President, as a matter of making sure that the Record does not deceive anybody, while the amount appropriated in this bill is 31.4 percent below the budget estimate, it is only 23.9 percent below the budget estimate for expenditures. The 31.4 percent is the reduction



such limitations, for payment of any such expenses incurred in assuming and maintaining the assets and liabilities of associations referred to in section 10."

#### ORDER FOR ADJOURNMENT TO WEDNESDAY

Mr. JOHNSON of Texas. Mr. President, I am hopeful that tomorrow we shall be able to report several bills from the standing committees, particularly appropriation bills which have been marked up by the subcommittees considering them.

Therefore I ask unanimous consent that when the Senate concludes its deliberations today, it stand in adjournment until noon on Wednesday next.

The PRESIDING OFFICER (Mr. TALMADGE in the chair). Without objection, it is so ordered.

#### WIDESPREAD GEOGRAPHIC USE OF BONNEVILLE POWER SUPPLIES FOR INDUSTRIAL PAYROLLS

Mr. NEUBERGER. Mr. President, recently much concern has been expressed in Oregon that the marketing of hydroelectric energy from the Federal dams of the Columbia River Basin, under the present laws and policies of the Bonneville Power Administration, will be inequitable and prejudicial to the people of my State. I rise today to discuss these policies and to introduce a proposed amendment to the Bonneville Project Act, the purpose of which is to provide that low-cost Bonneville power will be used intelligently to promote diversified industrial and economic development fairly and equitably throughout the several States of the Columbia River Basin. First, I shall review the problem and the background of the present adverse power marketing policies. Next, I shall explain my proposal for a return to progressive and constructive Bonneville power policies. Finally I shall review some of the facts which lead me to my firm conviction that proper planning of the use of a major share of Bonneville power for industrial development is of central importance to the economic future of Oregon and the Pacific Northwest.

#### LOW-COST POWER TAKEN FOR GRANTED FOR NEARLY 20 YEARS

For nearly 20 years, the low-cost hydroelectric power which is inherent in the surging flow of the Columbia River and its tributaries has steadily and increasingly entered the economic bloodstream of the Pacific Northwest, until it has become one of the most basic and essential components of the economy of the whole Columbia River Basin. From the day when the first generators began to turn at Bonneville Dam in 1938, until a few years ago, a continuing series of large, multipurpose Federal dams, harnessing these flows, has steadily added new blocks of low-cost power to the capacity of the Bonneville system. First there was Grand Coulee in 1941, followed by Hungry Horse in 1952, McNary in 1953, Chief Joseph in 1955, and the Dalles Dam expected this year, not to

mention numerous subsidiary projects on tributaries of the Columbia.

With this steady addition of new power supplies, the Bonneville Power Administration was able to meet the needs of a growing region for low-cost energy—energy which could not be obtained from coal, from oil, from natural gas or any other fuels, none of which are indigenous to the Northwest. With this low-cost energy supply, the Pacific Northwest experienced, through war and peace, the fastest economic growth of its history.

Mr. President, as is the case with so many important things which form an intimate part of our daily living, it may be that the majority of the people of the Pacific Northwest, those not directly concerned with power problems, came to take the Bonneville power program for granted. It had not been a partisan political question. Bonneville Dam itself had been the realization of a dream for which Oregon's illustrious Republican leader, Senator Charles L. McNary, had fought from as early as 1921. He had continued his fight for the projects which followed, in cooperation with Democratic Presidents in the White House—a cooperation which was symbolized in the great dam which was named for him after his death. So, Mr. President, when this great and successful Bonneville program of developing the hydroelectric resources of the Columbia basin was abruptly ended by the Eisenhower administration upon taking office in 1953, it took a while for the economic significance of this fact to become apparent to some of the people who had enjoyed the economic benefits of the stimulus of low-cost Bonneville power without being conscious of their source.

Mr. President, today the Pacific Northwest, and particularly my own State of Oregon, is confronted with two simultaneous developments which must bring home to all of us the significance of this administration's decision to end the Federal Columbia River power program. First, Oregon is in an economic slump. For several years, the average per capita income of Oregon residents has receded in its relationship to the national average, from being \$202 above the average in 1947 to \$10 below the national average in 1956. Today, Oregon is experiencing serious unemployment and underemployment of its labor force.

This is particularly significant at a time when the Nation as a whole is enjoying a relatively high measure of prosperity and is still seriously combating inflation. True, the immediate cause of Oregon's present difficulties lies in the administration's fiscal policies, with their depressing effects on homebuilding and thus on the lumber industry, rather than directly in the administration's power policies. But by dramatizing the adverse and dangerous effects of our dependence on the fate of a single natural resource—the timber of our vast forests—Oregon's present slump forcefully demonstrates the importance of such industrial diversification as might be attracted to our State and region by the intelligent and energetic development and use of our

other great and unique resource, the low-cost power of our abundant rivers. Yet the second simultaneous development, Mr. President, is the growing apprehension that it may be almost too late—that we may not be able to resume the interrupted Federal river development in time to catch up with and exceed the steeply rising curve of demand for electrical energy in our region. If this should be true, and if the best available statistics and forecasts show that sooner or later, in the next two decades, the Northwest will consume far more electricity than can be produced at all the hydroelectric installations which may be developed at all the sites available in the basin consistently with protection of migratory fish runs, of national parks, and other conservation needs—then we must face the issue of how to make the best use we can of the economic asset of low-cost Bonneville power, and how to assure the equitable distribution of the benefits from this unique regional assets among all of the people of the region, and in the greatest national interest. This is the problem to which I am addressing myself today.

#### "PREFERENCE CLAUSE" IS KEYSTONE OF POWER- MARKETING POLICIES

The cornerstone in the marketing of power from Federal projects has been the preference granted public agencies and nonprofit systems in the use and distribution of such power. The preference clause has been the traditional expression of the public's decision to dedicate the product of public resources and public investment to the public benefit, and to prevent its monopolization for private profit. On May 15 of last year, during the debate of the bill to authorize construction of the Niagara River project by the State of New York, I had occasion to review the history of the preference clause from the Reclamation Act of 1906 through its inclusion in many subsequent Federal acts dealing with power, including the Federal Power Act, the Rural Electrification Act, and acts authorizing many specific projects constructed by the Federal Government. Senator McNary included a public power preference clause in his original draft of the bill which became the Bonneville Power Marketing Act. As that law was finally enacted, it included a preference clause phrased in the following terms as section 4, now title 16, United States Code, section 832c:

(a) General provisions: In order to insure that the facilities for the generation of electric energy at the Bonneville project shall be operated for the benefit of the general public, and particularly of domestic and rural consumers, the Administrator shall at all times, in disposing of electric energy generated at said project, give preference and priority to public bodies and cooperatives.

In other acts, the preference clause has been expressed in various other terms, but the principle has been the same. Its operation has justified the great importance which has so long been attached to it. It has offered the public a choice between the kind of service organization they prefer in what is necessarily a natural monopoly field. By of-







# S. 1740

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IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 1957

Referred to the Committee on Post Office and Civil Service

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## AN ACT

To authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 5 (c) of the Federal Employees' Group Life  
4       Insurance Act of 1954 is amended by inserting before the  
5       colon preceding the proviso therein a comma and the follow-  
6       ing: "except that such fund shall be available, without regard  
7       to any such limitations, for payment of any such expenses  
8       incurred in assuming and maintaining the assets and liabili-  
9       ties of associations referred to in section 10".

Passed the Senate June 3, 1957.

Attest:

FELTON M. JOHNSTON,  
*Secretary.*

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## AN ACT

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To authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

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JUNE 4, 1957

Referred to the Committee on Post Office and Civil  
Service





# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued July 23, 1957  
For actions of July 22, 1957  
85th-1st, No. 129

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HIGHLIGHTS: Rep. Hagen urged transfer of certain work under Packers and Stockyards Act to FTC.

## HOUSE

1. MEATPACKERS. Rep. Hagen spoke in favor of the passage of legislation to transfer certain work under the Packers and Stockyards Act from this Department to the Federal Trade Commission, and inserted the testimony of Sen. Watkins before the House Agriculture Committee supporting this transfer of work. pp. 11203-8
2. FOREIGN TRADE; SURPLUS COMMODITIES. Both Houses received from the President the semiannual report on activities under Public Law 480. pp. 11091, 11155  
The Ways and Means Committee ordered reported with amendment H. R. 2151, to permit the duty-free importation of certain wools (not finer than the 46's) for carpets and other specific uses. p. D679
3. FOREIGN AID. Conferees were appointed on S. 2130, the mutual security authorization bill. Senate conferees have not yet been appointed. p. 11155
4. CIVIL DEFENSE. Rep. Huddleston called for a "more vigorous civil defense program" on a national level, particularly in regard to protective bomb shelters. pp. 11200-1  
The Government Operations Committee issued a report on the "status of civil-defense legislation." p. 11216
5. VIRGIN ISLANDS. The Government Operations Committee issued a report on the operations of the Virgin Islands Government and the Virgin Islands Corporation. p. 11216



6. PERSONNEL. A subcommittee of the Post Office and Civil Service Committee ordered reported with amendment S. 1740, to authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the CSC in assuming and maintaining the assets and liabilities of certain beneficial associations. p. D679

SENATE

7. TRAVEL; LEAVE. The Post Office and Civil Service Committee reported with amendment S. 1903, to authorize travel expenses for overseas employees (S. Rept. 694). p. 11092
8. CENSUS. The Post Office and Civil Service Committee reported with amendments S. 1631, to amend generally the census laws (S. Rept. 698). p. 11092
9. BUDGET. Sen. Symington discussed "the incredible irresponsibility of this administration in matters pertaining to our common defense," and inserted a column on the administration's handling of the defense budget and a list of 17 "unbelievably conflicting statements about the defense budget." pp. 11108-9
10. TOBACCO. Sen. Bennett defended his proposal that a warning label be placed on each package of cigarettes (S. 2554), and inserted an interview with the Director of the National Cancer Institute on the relation of lung cancer to smoking. pp. 11118-9
11. FARM SAFETY. Sen. Carlson announced the beginning of National Farm Safety Week and inserted the President's proclamation. pp. 11119-20
12. HOUSING LOANS. Sen. Humphrey inserted articles on the decline in housing starts and its relation to the present monetary policy, and on the public debt and increasing payments for interest rates. pp. 11125-7
13. EDUCATIONAL EXCHANGE. Sen. Smith, N. J., commended the international exchange of high school students by the American Field Service. pp. 11097-8
14. FOREIGN AID. Sen. Smith, N. J., inserted two editorials expressing "anxiety" about the effect of House foreign aid cuts on the security of the U. S. p. 11098
15. WATER RESOURCES. Sens. Goldwater and Kuchel debated Los Angeles' request for authority to build Bridge Canyon Dam in the Grand Canyon, and inserted editorials and an explanatory statement from Los Angeles. pp. 11102-4

ITEMS IN APPENDIX

16. SMALL BUSINESS. Sen. Capehart inserted excerpts from hearings before the Senate Banking and Currency Committee with reference to proposed legislation affecting the Small Business Administration. pp. A5867-8
17. TVA. Rep. Johnson, Wis., inserted an editorial, "Don't Hamstring TVA," commenting on the significance of the appointment of Arnold B. Jones as a Director of the TVA. pp. A5899-900
18. FAMILY FARMS. Rep. Knutson inserted a letter on the "plight of the family farmer under this administration," addressed by one of her constituents to the President. pp. A5905-6
19. APPROPRIATIONS. Rep. Merrow inserted an article, "The Gallup Poll: Item Veto in Appropriations Bills Favored by 60 Percent in Survey." p. A5907







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued August 16, 1957  
For actions of August 15, 1957  
85th-1st, No. 148

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HIGHLIGHTS: House passed mutual security appropriation bill. Conferees agreed to file report on bill to exempt from quotas wheat used on farm where produced. Senate confirmed Paarlberg nomination. Senate committee reported supplemental appropriation bill.

## HOUSE

1. MUTUAL SECURITY APPROPRIATIONS. By a vote of 252 to 130, passed with amendments H.R. 9302, the mutual security appropriation bill for 1958. (pp. 13497, 13499-538). The bill was reported without amendment by the Appropriations Committee earlier in the day (H. Rept. 1172). (p. 13544) As reported and passed the bill includes \$300 million for advances to the development loan fund, \$113 for technical cooperation, and \$15,500,000 for the U.N. expanded program of technical assistance of which amount the U.S. contribution to the 1958 calendar year program shall not exceed 33.33 percent of the U.N. program.
2. WHEAT. The conferees agreed to file a conference report on S. 1959, to exempt certain wheat producers from liability where all the wheat crop is fed or used for seed or food on the farm where produced. p. D786
3. PERSONNEL. The Post Office and Civil Service Committee reported with amendment S. 1740, to authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the CSC in assuming and maintaining the assets and liabilities of certain beneficial associations (H. Rept. 1174). p. 13544  
The Post Office and Civil Service Committee ordered reported S. 1411, to give agencies discretion in either suspending or retaining on duty a Federal employee prior to security hearings. p. D786  
Rep. Philbin urged the passage of pay raise legislation before adjournment of Congress. p. 13538



4. SURPLUS COMMODITIES. The Merchant Marine and Fisheries Committee reported with amendment H.R. 6959, to authorize the use of CCC surplus commodities to augment the food supplies for migratory waterfowl (H. Rept. 1178). p. 13544
5. DROUGHT RELIEF. Rep. Thompson, N.J., spoke of the need for drought relief in N.J., and inserted correspondence, including his letter to the President, on the matter. pp. 13538-39
6. EGG PRICES. Rep. Knutson urged an increase in the price of eggs to the farmer. p. 13539
7. LEGISLATIVE PROGRAM. Rep. Albert announced the conference report on S. 1747, the poultry inspection bill will be considered today, Aug. 16. p. 13538

#### SENATE

8. NOMINATIONS. By a vote of 42 to 32, confirmed the nomination of Don Paarlberg to be Assistant Secretary of Agriculture and member of the CCC Board. The debate included a general discussion of farm policy and programs. pp. 13617-41  
Confirmed the nomination of Jerome K. Kuykendall to be a member of the Federal Power Commission, 50 to 25, after general debate on power policies. pp. 13554-9, 13575-93, 13595-615
9. WATER RESOURCES. Disagreed with the House amendment to S. 1482, to amend the Columbia Basin Project Act so as to increase the limitation on the acreage which one family might have of irrigated land. Senate Conferees were appointed p. 13569
10. RECORDS; ADMINISTRATIVE LAW. Sen. O'Mahoney submitted a star print of a revised report from the Judiciary Committee on S. 2377, to amend the procedures regarding demands for reports and statements of witnesses, and Sen. McNamara stated his opposition to the bill and inserted an editorial contending the bill was unnecessary and hastily drawn up. pp. 13593-4  
Without objection the Judiciary Committee then withdrew its previous report (S. Rept. 569) on S. 2377.
11. FORESTRY. The Interior and Insular Affairs Committee submitted a report on Timber Sales, Quinalt Indian Reservation, Wash., to be printed after Aug. 24 with a minority report by Sen. Watkins (S. Rept. 971). p. 13549
12. FOREIGN AID. Sen. Smith, N.J., urged the passage of the full amount authorized for the mutual security bill, and inserted the President's press release opposing some cuts and urging their restoration by the Senate. p. 13552
13. ROADS. Sen. Neuberger inserted two editorials urging haste in disposing of the highway signboard bills held in Committee (pp. 13552-3), and later stated the Public Works Committee would meet Aug. 20 to consider the bills (p. 13595).
14. NATURAL RESOURCES. Sen. Mansfield inserted an editorial on the "machinery" of the "Greatest Air Conditioning System in the World," the mountains, streams, and forests which treat air currents to give Mont. a cool climate. p. 13553
15. POSTAL RATES. Sen. Johnston announced the Post Office and Civil Service Committee would study H.R. 5836, to increase postal rates, very carefully before passing judgement on it. p. 13595



ASSUMPTION OF ASSETS AND LIABILITIES OF CERTAIN BENEFICIAL ASSOCIATIONS IN CONNECTION WITH FEDERAL EMPLOYEES' GROUP LIFE INSURANCE

AUGUST 15, 1957.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. DAVIS of Georgia, from the Committee on Post Office and Civil Service, submitted the following

REPORT

[To accompany S. 1740]

The Committee on Post Office and Civil Service, to whom was referred the bill (S. 1740) to authorize the payment from the employees' life insurance fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

AMENDMENTS

The committee proposes two amendments to S. 1740: an amendment to the text and an amendment to the title.

*Amendment to the text*

The amendment proposed to the text adds a section 2 which appears in italic type in S. 1740, as reported.

The purpose of section 2 is to provide an additional period of 3 months in which the beneficial association insurance assumption arrangements authorized by section 10 of the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2099) may be made. This extension of time will provide protection against the omission of any beneficial association interested in making any such agreement.

*Amendment to the title*

The amendment proposed to the title is as follows:  
Amend the title so as to read:

An Act to authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service

Commission in making certain beneficial association assumption agreements and to extend the time for making such agreements.

The purpose of this proposed amendment to the title is to indicate more accurately the content of the text of the bill, as reported.

#### PURPOSE

The purpose of this proposed legislation is to relieve the Civil Service Commission of the requirement for asking the Congress each year for authority to expend moneys from the Federal employees' life insurance fund for the purpose of defraying administrative costs incurred in assuming and maintaining the life insurance policies of employee beneficial associations taken over by the Commission in accordance with the provisions of section 10 of the Federal Employees' Group Life Insurance Act of 1954 as amended. This will enable the Commission to assume the life insurance policies of the some 90,000 members of 9 benefit associations who have been grossly and unjustifiably discriminated against through the actions of this Congress in refusing to recognize legal and moral commitments made by both the 83d and 84th Congresses.

This action will in no way relieve the Commission of the responsibility for requesting congressional authority for the expenditure of money from the Federal employees' life insurance fund necessary to the administration of other provisions of the act.

#### STATEMENT

There has been evident confusion, misunderstanding, and cloudy information regarding the assumption of the insurance policies of various employee benefit associations by the Civil Service Commission as provided for in section 10 of Public Law 598 of the 83d Congress and Public Law 356 of the 84th Congress. Further misunderstanding has existed regarding the costs involved in carrying out the provisions of this section. So as to receive as much factual information as was possible regarding these matters, open hearings were held in which representatives of the factions involved presented testimony.

#### *History of the development of the provisions of section 10 of the Federal Employees' Group Life Insurance Act*

At the time of the bill which became Public Law 598 of the 83d Congress was under consideration, testimony was presented which indicated that there were some 25 employee benefit associations with approximately 150,000 members whose life insurance policies would be placed in almost complete jeopardy if the bill became law. This condition would arise from the fact that the premiums to be charged for the Federal insurance were considerably lower than those which were being charged or could be charged by the benefit associations and, as a result, the associations would lose their membership and eventually be forced to retire from business. These associations, with the exception of two, were not self-insured, but as a group they made arrangements with commercial insurance companies for term life insurance policies on a group basis. Premiums on these policies were based on the average age of the group. As the members of these associations who were Federal employees accepted the benefits of the



much cheaper Federal policy, the average age of the group would rise considerably, thus better than doubling or tripling the premium required.

The Congress, recognizing this situation, made provision in section 10 of the bill which would authorize the Civil Service Commission to assume the policies of the members of the benefit associations who were no longer Federal employees. In return for this assumption, the associations were to turn over to the Civil Service Commission the total assets of such associations or the amount required to meet the liabilities of the policies assumed. There was the further provision that those associations which asked for absorption into the Federal program terminate all insurance agreements with their membership within 1 year and that no new membership be recruited.

The Civil Service Commission carried on negotiations with the benefit associations for a period of almost a year in an effort to work out agreements in accordance with the provisions of the law. It was found that certain decisions by Federal courts made it impossible for the Commission to assume the policies of the separated members without at the same time assuming the policies of the members who were Federal employees. In recognition of this condition, this committee in the 84th Congress reconsidered the provisions of section 10 of Public Law 598 of the 83d Congress and amended it so that the rulings of the courts could be met and the Commission be in a position to assume the policies of the benefit associations in accordance with the provisions of section 10. The principal change was an amendment which would authorize any member of the beneficial associations to continue his insurance therein and at the same time, if otherwise eligible, secure coverage under the Federal Employees' Group Life Insurance Act.

The committee and the Congress at this time were furnished with full and factual information regarding the costs involved in assuming and maintaining the some 150,000 policies of the benefit associations. A firm estimate of 75 cents per policy per year for the administrative cost of the maintenance of these policies was given. The gross cost was estimated at \$33 million spread over a period of 25 or 30 years. This \$33 million is the difference between the anticipated actuarially computed premium charges necessary to reinsure the 150,000 policies and the some \$16 million of assets turned over to the Commission plus the quarterly premiums to be paid by the membership.

The costs necessary to the negotiation of an agreement between the Commission and the association for the turning over of the insurance policies and assets, the negotiations between the Commission and a reinsuring insurance company plus the establishment and maintenance of the records involved were also to be paid out of the Federal employees' group life insurance fund. Section 5 (c) of Public Law 598, 83d Congress, as well as Public Law 356 of the 84th Congress, provided that money in the Federal employees' group life insurance fund be made available for any expenses incurred by the Commission in the assumption and maintenance of the policies assumed under authority of section 10 of the act within such limitations as may be specified annually in appropriation acts. This provision is normal to all such activities and reserve funds.

*Present status*

The Civil Service Commission asked for a limitation authority for the expenditure of administrative moneys for fiscal years 1956, 1957, and 1958. The Congress granted authorities during fiscal years 1956 and 1957. However, the limitations on these authorities were considerably less than that requested by the Commission. As a result, the Commission was able to assume the policies of only 16 of the 25 benefit associations with a membership of some 50,000 employees. The Congress has refused to extend authority for fiscal year 1958. As a result, the policies of the remaining 9 employee benefit associations with a membership of over 90,000 cannot be assumed by the Commission.

The Commission has carried on negotiations with these nine associations and, in the most instances, preliminary agreements have been arrived at and the assets of the associations liquidated preparatory to their transfer to the Commission. These nine associations, in accordance with law, have for a period of 2 years refused to accept new membership. As a result, the associations, insofar as their life insurance program is concerned, are in a precarious position financially. It must be recognized that this condition has resulted almost entirely from the enactment of the Federal Employees' Group Life Insurance Act and that had it not been enacted, they would have been able to carry on without serious difficulty.

Testimony also indicated that no selectivity or discrimination was exercised by the Commission in the taking over of the 16 benefit associations and the leaving out of the 9. The Commission, operating within the money which was made available to it, took over those associations with which the preliminary arrangements had been completed, the assets liquidated, and the money was available with which to maintain the policies. This was on somewhat of a "first come, first served" basis. The discrimination, if any, can be laid at the doorstep of the Congress inasmuch as it did not make sufficient money available from the life insurance fund to allow the Civil Service Commission to fully carry out the intent and purpose of section 10 of the Federal Employees' Group Life Insurance Act as expressed by both the 83d and 84th Congresses.

*Amount and nature of funds required*

The Civil Service Commission, based on past experience, had estimated that \$76,500 will be necessary to defray the expenses involved in the taking over of the policies of the remaining nine benefit associations. The Commission has also furnished the committee with a firm estimate of 75 cents per policyholder per year as maintenance costs of the insurance policies assumed. At the present time this annual cost amounts to approximately \$100,000. As the number of policyholders decreases due to death or cancellation, this annual maintenance cost will be reduced accordingly. It is anticipated that within a period of 25 to 30 years it will entirely disappear.

Both the \$76,500 and the \$100,000 are available to the Civil Service Commission in the insurance fund, which now amounts to over \$100 million. All that is necessary in order to accomplish the intent and purposes of section 10 of the act is that the Commission be authorized to expend this money. There is no appropriated money involved, at this or at any future time. The provisions of this bill will authorize



the Commission to use this available money for the defrayment of the administrative costs incurred in carrying out the provisions of section 10 of the act.

#### *Gross liabilities assumed*

There has also been some question regarding the total amount of the liabilities to be assumed by the Commission provided that all 25 benefit associations are taken over. A figure of \$33 million was arrived at by a group of actuaries employed by the benefit associations as representing the difference between the total premiums which must be paid by the Civil Service Commission for reinsurance and the moneys which would be received by way of the turnover of assets of the associations plus the quarterly premiums to be paid by the membership. This \$33 million figure was verified by independent actuaries employed by the Civil Service Commission. The statement has been made that this \$33 million was purely a guess and that it may amount to as high as \$50 million or \$60 million. Insofar as the opinion of professional actuaries is concerned, this figure cannot amount to more than \$33 million but in all probability may amount to less, depending on the attrition rate encountered among the membership of the associations.

This \$33 million liability also does not at this time or at any time in the future involve appropriated money. It is to be taken from the Federal employees' group life insurance fund over a period of from 25 to 30 years. It is anticipated that at the end of this time, all policyholders will either have dropped their insurance or will have become deceased.

#### *Moral and legal commitments*

The 83d and 84th Congresses made legal and moral commitments to take over and maintain the life insurance policies of the 25 employee benefit associations. In failing to provide sufficient money to carry out this commitment, the Congress has placed itself in an untenable position. It has not only caused financial loss of the members of the various associations but it has also placed in complete jeopardy the insurance policies of the some 150,000 present and former Federal employees. The real damage is to those employees who have been separated or have retired from the Government and are over 60 years of age. They have—some for over 30 years—maintained these small policies principally as burial insurance. Not to absorb them at this time would cause an extreme hardship as they are no longer able, due to age or infirmities, to secure new policies or to pay the extremely high premiums which would be necessary to continue their present policy.

The 84th Congress, in authorizing the membership of these benefit associations to carry both the Federal and the benefit association policies, did so with the knowledge that a Federal subsidy was involved in both. However, it also provided that the member be required to pay premiums for both policies. To deny the Commission sufficient funds at this time to assume these policies would be to ignore the action and intent of both the 83d and 84th Congresses.

Should not the commitment of section 10 of the Federal Employees' Life Insurance Act be carried out in its entirety, the Government may be subjected to numerous personal claims for damages and suits for the recovery of lost funds. To revert to assuming only those policies

of the members who have retired or have been separated from Government would also subject the Federal Government to suits for the return of assets turned over to the Federal life insurance fund. Inasmuch as the 16 associations presently assumed are no longer organized groups, it would be almost administratively impossible to determine the amount of assets which should be returned and the method for the distribution thereof to the former members. The associations, should they be reconstituted as groups, would also have justifiable claims against the Government for the loss of interest on their assets during the time in which they were in the possession of the Federal Government. In some cases this would amount to millions of dollars.

#### RECOMMENDATIONS

It is the recommendation of this committee that the Congress carry out its legal and moral responsibility for the assumption and maintenance of the insurance policies of the members of the various benefit groups through the enactment of bill S. 1740 as amended. This committee has recommended an amendment to bill S. 1740 which would assure that these policies will be taken over if money is made available. This amendment merely extends by 3 months the time the Civil Service Commission has in which to complete its preliminary agreements with the associations and to enter into reinsurance contracts. The committee feels that any other action by this Congress would be a breach of the contract entered into by both the 83d and 84th Congresses and would subject it to justifiable criticism from all concerned.

#### LETTERS FROM DEPARTMENTS AND AGENCIES

Following are letters from the Civil Service Commission and the Bureau of the Budget endorsing the provisions of this bill:

UNITED STATES CIVIL SERVICE COMMISSION,  
Washington, D. C., July 18, 1957.

Hon. TOM MURRAY,

*Chairman, Committee on Post Office and Civil Service,  
House of Representatives, Old House Office Building.*

DEAR MR. MURRAY: This is in further reply to your requests of May 9, June 4, and June 17, 1957 for report on H. R. 7233, H. R. 7843, and H. R. 8114, identical bills to authorize the payment from the employees' life insurance fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations. A duplicate bill (S. 1740) introduced in the Senate has been passed by that body and referred to your committee.

The Commission fully supports the basic purpose of these bills, which is to authorize use of money from the insurance fund for payment of administrative expenses to be incurred in carrying out a provision of Public Law 356, 84th Congress, approved August 11, 1955. Public Law 356 amends section 10 of the Federal Employees' Group Life Insurance Act of 1954 to authorize the Commission, on behalf of the employees' life insurance fund, to arrange for the assumption of the life insurance agreements and assets of various nonprofit associations of Federal and District of Columbia employees.



It further provides, that arrangements with such beneficial associations, as they are commonly termed, shall be made not later than August 17, 1957.

Under present law, as expressed in section 5 (c) of the Insurance Act, the insurance fund is available for payment of the Commission's expenses incurred in the administration of the act, but only within such limits as are specified annually in appropriation acts. Working within its authorized expense limitations, the Commission has administered the basic Government-sponsored insurance program and assumed the life insurance agreements and assets of 16 beneficial associations with a membership of over 50,000 persons. But active negotiations for assumption of 9 other beneficial associations, whose memberships total approximately 95,000 individuals, had to be canceled in 1956 because of lack of authorized funds. The Congress, in acting on the Commission's expense limitation requests for fiscal years 1956, 1957, and 1958, has granted substantially less than is needed, and was requested, to administer the basic insurance program and complete assumption arrangements with all interested associations.

The Commission's function with respect to the beneficial association program is, of course, to carry out the congressional mandate expressed in section 10 of the Insurance Act, as amended. From the standpoint of equity to the 95,000 individuals involved, we strongly favor assumption of the insurance agreements of members of the remaining associations. We have no basis for judging these people to be less deserving of insurance protection than the 50,000 members of the 16 associations whose insurance agreements have been taken over by the Commission. But we cannot completely comply with the requirements of section 10 unless funds are authorized for assumption and subsequent maintenance of the remaining insurance agreements. This is a decision to be made by Congress, since it properly controls expenditures.

The Commission does not advocate unlimited spending authority for the beneficial association program or for any of the other programs we administer. However, our repeated efforts to obtain sufficient funds for beneficial association workload through regular appropriation procedures have been unsuccessful, even though the amounts involved are relatively modest. H. R. 7233, H. R. 7843, H. R. 8114, and S. 1740 would provide the required funds by amending section 5 (c) of the Insurance Act to make the employees' life insurance fund available without limitation for payment of the Commission's administrative expenses for the beneficial association portion of our group life insurance operations. If, in the judgment of Congress, such amendment would be a proper means of providing the funds necessary to complete this work, the Commission offers no objection to these bills.

As presently worded, section 10 (d) of the Insurance Act provides that beneficial association assumption arrangements must be made by August 17, 1957. However, the Commission has to pick up work with these associations from the point where negotiations were canceled in 1956 due to lack of authorized funds. Many administrative details must be ironed out with each interested association. In view of the short amount of time remaining until August 17, and to assure that no interested association is bypassed, we therefore suggest addition of a second section to H. R. 7233, H. R. 7843, H. R. 8114, and S. 1740, which would read as follows:



"SEC. 2. The arrangements authorized by section 10 of the Federal Employees' Group Life Insurance Act of 1954, as amended, shall be made not later than three months from the date of this amendment, rather than by August 17, 1957 as specified in subsection (d) of said section."

The estimated administrative cost of assuming beneficial association insurance obligations and assets not yet taken over by the Commission is \$76,500. First-year maintenance costs will amount to an additional \$108,800. Subsequent-year maintenance costs should decline gradually, since no new members have entered the associations since August 11, 1955, the effective date of enactment of Public Law 356, nor will any enter in the future.

H. R. 7233 contains a typographical error. As worded, the bill proposes to amend a nonexistent section 5 (e) of the Federal Employees' Group Life Insurance Act of 1954, rather than section 5 (c).

The Bureau of the Budget advises that there would be no objection to the submission of this report to your committee.

By direction of the Commission:

Sincerely yours,

HARRIS ELLSWORTH, *Chairman.*

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EXECUTIVE OFFICE OF THE PRESIDENT,  
BUREAU OF THE BUDGET,  
Washington, D. C., July 17, 1957.

HON. TOM MURRAY,  
*Chairman, Committee on Post Office and Civil Service,  
House of Representatives, Washington, D. C.*

MY DEAR MR. CHAIRMAN: Reference is made to your recent letters requesting the views of the Bureau of the Budget with respect to H. R. 7233, H. R. 7843, and H. R. 8114, identical bills to authorize the payment from the employees' life insurance fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

The bills would authorize use of the insurance fund under the Federal Employees' Group Life Insurance Act without limitation to cover cost of administrative expenses to be incurred in completing the takeover of certain employee beneficial associations commenced under Public Law 356, 84th Congress, approved August 11, 1955. Public Law 356 revised section 10 of the original group life act, authorizing the Civil Service Commission to arrange for the assumption of life insurance agreements and assets of employee beneficial associations to require such action to be completed by August 17, 1957.

Under present law, use of the insurance fund for administrative expenses is subject to limitation specified annually in appropriation act. Although the President's budget for fiscal years 1956, 1957, and 1958 included an administrative expense limitation sufficient to cover the cost of assuming the obligations of these beneficial associations, the Congress did not appropriate the full amount. As a result, the Civil Service Commission will be unable to assume the life insurance agreements and assets of all the beneficial associations involved by August 17, 1957. It is understood that 16 associations, with a membership of about 50,000 persons have been covered, while 9 associations,

membership totaling over 95,000 persons, have not been taken over due to insufficient funds.

In order to complete administration of this statute, funds must be provided, and if the Congress prefers the approach provided by the subject bills, the Bureau of the Budget will interpose no objection.

Sincerely yours,

ROBERT E. MERRIAM, *Assistant Director.*

#### CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill passed by the Senate, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

#### SECTION 5 (c) OF THE FEDERAL EMPLOYEES' GROUP LIFE INSURANCE ACT OF 1954 (68 STAT. 739; 69 STAT. 676)

##### SEC. 5. (a) \* \* \*

\* \* \* \* \*

(c) The sums withheld from employees under subsection (a) and the sums contributed from appropriations and funds under subsection (b) shall be deposited in the Treasury of the United States to the credit of a fund which is hereby created. Said fund is hereby made available without fiscal year limitation for premium payments under any insurance policy or policies purchased as authorized in sections 7 and 10 of this Act, for the payment of any obligations under agreements assumed pursuant to section 10 of this Act, and for any expenses incurred by the Commission in the administration of this Act within such limitations as may be specified annually in appropriation [acts] *acts, except that such fund shall be available, without regard to any such limitations, for payment of any such expenses incurred in assuming and maintaining the assets and liabilities of associations referred to in section 10: Provided, That appropriations available to the Commission for salaries and expenses for the fiscal year 1955 shall be available on a reimbursable basis for necessary administrative expenses of carrying out the purposes of this Act until said fund shall be sufficient to provide therefor. The income derived from any dividends or premium rate adjustments received from insurers shall constitute a part of said fund.*

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# Union Calendar No. 457

85<sup>TH</sup> CONGRESS  
1<sup>ST</sup> SESSION

## S. 1740

[Report No. 1174]

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### IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 1957

Referred to the Committee on Post Office and Civil Service

AUGUST 15, 1957

Reported with amendments, committed to the Committee of the Whole House  
on the State of the Union, and ordered to be printed

[Insert the part printed in *italic*]

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## AN ACT

To authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

- 1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*  
3       That section 5 (c) of the Federal Employees' Group Life  
4       Insurance Act of 1954 is amended by inserting before the  
5       colon preceding the proviso therein a comma and the follow-  
6       ing: "except that such fund shall be available, without regard  
7       to any such limitations, for payment of any such expenses  
8       incurred in assuming and maintaining the assets and liabili-  
9       ties of associations referred to in section 10".

1        *SEC. 2. Section 10 (d) of the Federal Employees'*  
2        *Group Life Insurance Act of 1954 (5 U. S. C. 2099 (d))*  
3        *is amended to read as follows:*

4        *“(d) The arrangements authorized by this section shall*  
5        *be made not later than three months following the date of*  
6        *enactment of this amendment. Such arrangements shall*  
7        *apply only to life insurance agreements existing on August*  
8        *11, 1955, and on the date of the respective arrangement.”*

Amend the title so as to read: “An Act to authorize the payment from the Employees’ Life Insurance Fund of expenses incurred by the Civil Service Commission in making certain beneficial association assumption agreements and to extend the time for making such agreements.”

Passed the Senate June 3, 1957.

Attest:

FELTON M. JOHNSTON,

*Secretary.*





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## AN ACT

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To authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

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March 31, 1958

16. TEXTILES. Sen. Johnston blamed current conditions in the textile industry to "the flood of textiles from Japan," and urged the Administration to provide aid for the textile industry. pp. 5167-68

HOUSE

17. APPROPRIATIONS. Passed under suspension of the rules H. J. Res. 588, to allow Federal agencies to purchase up to 50% of the materials and supplies budgeted in their 1959 estimates, in order to accelerate expenditures. pp. 5183-5

Continued debate on H. R. 10589, the general government matters appropriation bill for 1959 (pp. 5199-5204). Adopted an amendment by Rep. Gross to forbid the use of any Federal funds for "publicity of propaganda purposes designed to support or defeat legislation pending before Congress" (p. 5204).

In reporting H. R. 11645, the Labor-HEW appropriation bill, (see Digest 50) the committee made comments as follows:

Mexican farm labor. "...last year it was obvious from the debate that a great many Members felt that if the program were continued at all it should be fully paid for by those growers who receive the benefits of the program. ... While logical arguments can be made for the growers bearing the entire cost of this program through the revolving fund into which their fees are paid, it appears to the Committee that the activity for securing compliance with contract provisions should not be so financed. To do so, would be placing the employees who are policing the program in the position of being dependent, upon fees paid by those being policed, for their salaries."

18. PUBLIC WORKS. Received the conference report on S. 497, the rivers and harbors and flood control bill (H. Rept. 1588). pp. 5185-99
19. RETIREMENT. Passed with amendment S. 72, to increase the annuities of certain Civil Service annuitants, after substituting the language of H. R. 607, which had been passed with an amendment (pp. 5204-23). Accepted Rep. Murray's amendment to extend the date for an option of choice to Jan. 1, 1959, instead of Jan. 1, 1958 (p. 5220), and accepted the Committee amendments (p. 5222). Rejected two amendments by Rep. Broyhill, to insert the Senate-approved language of S. 72 (pp. 5216-18) and to remove the total \$4,104 annuity limitation (pp. 5218-19), and an amendment by Rep. Hyde to remove the \$1,200 limitation on earned income (pp. 5220-22).
20. LIFE INSURANCE. Passed as reported S. 1740, to authorize the payment from the Employer's Life Insurance Fund of expenses incurred by CSC in assuming and maintaining the assets and liabilities of certain beneficial associations. pp. 5223-5
21. LOANS. The Agriculture Committee ordered reported H. R. 11424, to extend until 1961 the authority of the Secretary to extend special livestock loans. p. D280
22. WATERSHEDS. The Agriculture Committee approved "a watershed project in the respective States of New Mexico, New York, Wisconsin, and Oklahoma." p. D280
23. ROADS. Rep. Davis was appointed to take the place of Rep. Jones, Ala., as a conferee on H. R. 9821, the road authorization bill. p. 5183
24. FOREIGN TRADE. Rep. Lesinski discussed the relative importance of foreign trade in his constituency, and concluded that "the facts show that foreign trade programs benefit all." pp. 5225-6
25. FEDERAL AID. Rep. Keating criticized certain States for failing to use sums granted them by the Federal Government while asking for more money to solve unemployment problems. pp. 5227-8

26. REPORTS. Received from the Justice Department a report of their activities for fiscal year 1957. p. 5244
27. ACCOUNTING. Received a Calif. Legislature memorial on "Federal accounting practices." p. 5245

#### ITEMS IN APPENDIX

28. EXPENDITURES. Extension of remarks of Rep. Alger inserting his weekly newsletter commenting on the amounts appropriated recently by Congress and stating, "the economy drive is long forgotten." p. A3022
29. BUILDINGS. Extension of remarks of Rep. Bass inserting an editorial, "Eisenhower Lease-Purchase Gets Ax It Has Deserved," and stating that "It is my opinion that this article clearly points out the disadvantages and failure of the lease-purchase program." pp. A3022-3
30. FOREIGN AID. Extension of remarks of Sen. Robertson inserting an article commenting on the proposal of Sen. Monroney, to finance foreign economic aid through the International Development Ass'n rather than by Government appropriations. p. A3023
31. FARM PROGRAM. Extension of remarks of Sen. Neuberger inserting a letter to the editor and stating that "it points out, quite correctly, that Government subsidies do not reach three-fourths of all the farms in the country." pp. A3026-7
- Rep. Goss inserted an editorial urging the President to approve the measure to freeze price supports and acreage allotments. p. A3030
- Rep. Cunningham inserted R. K. Bliss', Extension Service, Iowa State College, radio talk, "Our Changing Agriculture." pp. A3031-2
- Extension of remarks of Rep. O'Konski criticizing the veto of the freeze measure and stating, "The hucksters who inspired this veto will be noted for urging billions for people all over the world, but would not spend \$15 million to increase income for dairy farmers by \$250 million." p. A3055
32. FOREIGN TRADE. Extension of remarks of Rep. Boggs inserting an article reviewing the various provisions of the Trade Agreements Act. pp. A3044-5
33. ELECTRIFICATION. Extension of remarks of Rep. Mason stating that "25 years ago the greatest 'milking-machine' in the history of the Nation was set up-- the Tennessee Valley Authority," and inserting an editorial on this subject. pp. A3057-8

#### BILLS INTRODUCED

34. SURPLUS COMMODITIES. S. 3577, by Sen. Hill (for himself and Sen. Scott, and H. R. 11791, by Rep. Metcalf, to authorize the Secretary of Agriculture to provide varied commodities to schools and institutions and for needy persons and families out of funds appropriated for diversion of surplus agricultural commodities; to Agriculture and Forestry Committee and Agriculture Committee. Remarks of Sen. Hill. pp. 5096-7. Remarks of Rep. Metcalf. pp. 5226-7
35. APPROPRIATIONS. S. 3578, by Sen. Mansfield, to prohibit the withholding or impoundment of appropriations; to Government Operations Committee.



Mrs. PFOST. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (S. 72) to increase annuities payable to certain annuitants from the civil-service retirement and disability fund, and for other purposes, which is similar to the bill just passed, strike out all after the enacting clause of said bill, and insert the language of the bill H. R. 607 as passed.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Idaho?

There was no objection.

Mrs. PFOST. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mrs. PFOST: Strike out all after the enacting clause of S. 72 and insert the provisions of H. R. 607 as passed.

The SPEAKER pro tempore. The question is on the amendment offered by the gentleman from Idaho.

The amendment was agreed to.

The Senate bill was ordered to be read a third time and was read the third time and passed.

A motion to reconsider was laid on the table.

A similar House bill (H. R. 607) was laid upon the table.

#### GENERAL LEAVE TO EXTEND REMARKS

Mr. MURRAY. Mr. Speaker, I ask unanimous consent that all Members may extend their remarks on the bill just passed.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

#### MESSAGE FROM THE SENATE

A message from the Senate, by Mr. McGown, one of its clerks, announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 75. Concurrent resolution relative to the reenrollment of S. 2120, to authorize the Secretary of the Interior to construct, rehabilitate, operate, and maintain the lower Rio Grande rehabilitation project, Texas, Mercedes division.

#### LOWER RIO GRANDE REHABILITATION PROJECT, TEXAS, MERCEDES DIVISION

Mr. ASPINALL. Mr. Speaker, I ask unanimous consent for the immediate consideration of Senate Concurrent Resolution 75.

The SPEAKER pro tempore. The Clerk will report the resolution.

The Clerk read as follows:

*Resolved by the Senate (the House of Representatives concurring),* That the President of the United States is requested to return to the Senate the enrolled bill (S. 2120) to authorize the Secretary of the Interior to construct, rehabilitate, operate, and maintain the lower Rio Grande rehabilitation project, Texas, Mercedes division.

If and when the said bill is returned by the President, the action of the Presiding Officer in signing same shall be deemed

rescinded, and the Secretary of the Senate is authorized and directed, in the reenrollment of said bill, to make the following correction:

In line 2 of section 3 of the House engrossed amendment, after the words "to lands", insert "in this project."

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

Mr. ALLEN of Illinois. Mr. Speaker, reserving the right to object, has this been cleared with the ranking Minority Member of the committee?

Mr. ASPINALL. It has been cleared with the Chairman of the Committee on Interior and Insular Affairs and by the ranking Member of the Committee.

Mr. ALLEN of Illinois. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The SPEAKER pro tempore. The question is on the concurrent resolution.

The concurrent resolution was concurred in.

A motion to reconsider was laid on the table.

#### FEDERAL EMPLOYEES' GROUP LIFE INSURANCE

Mr. TRIMBLE. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 512 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

*Resolved,* That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1740) to authorize the payment from the employees' life insurance fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed one hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Post Office and Civil Service, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. TRIMBLE. Mr. Speaker, I yield 30 minutes to the gentleman from Illinois [Mr. ALLEN] and yield myself such time as I may consume.

Mr. Speaker, House Resolution 512 makes in order the consideration of S. 1740. The resolution provides for an open rule, 1 hour of general debate and waives points of order against the bill.

The bill would authorize use of the insurance fund under the Federal Employees' Group Life Insurance Act without limitation to cover the cost of administrative expenses that will be incurred in completing the take-over of

certain employee beneficial associations which was started under Public Law 356 of the 84th Congress. This law amended section 10 of the Federal Employees Group Life Insurance Act of 1954 to authorize the Commission, in behalf of the employees' life insurance fund, to arrange for the assumption of the life insurance agreements and assets of various nonprofit associations of Federal and District of Columbia employees. Under present law, the insurance fund is available for payment of the Commission's expenses incurred in the administration of the act, but only within such limits as are specified annually in appropriation acts.

The Commission assumed the life insurance agreements and assets of 16 beneficial associations with a membership of over 50,000 persons. The negotiations to assume the assets of 9 other beneficial associations, with a membership of approximately 95,000 persons, had to be cancelled in 1956 because of lack of authorized funds.

The estimated administrative cost of assuming beneficial association insurance obligations and assets not yet taken over by the Commission is \$76,500. First year costs will amount to an additional \$108,800. No appropriated money is involved since these amounts are available to the Commission in the insurance fund which now amounts to over \$100 million.

The bill is amended to provide that the arrangements so authorized shall be made not later than 3 months following the date of the enactment of the bill.

I urge the adoption of House Resolution 512.

Mr. ALLEN of Illinois. Mr. Speaker, I know of no opposition to the rule or the bill.

Mr. TRIMBLE. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. MURRAY. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1740) to authorize the payment from the employees' life insurance fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations.

The motion was agreed to.

Accordingly the House resolved itself into the Committee on the Whole House on the State of the Union for the consideration of the bill S. 1740, with Mr. EDMONDSON in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. MURRAY. Mr. Chairman, I yield such time as he may desire to the gentleman from Georgia [Mr. DAVIS].

(Mr. DAVIS of Georgia asked and was given permission to revise and extend his remarks.)

Mr. DAVIS of Georgia. Mr. Chairman, I was chairman of the subcommittee which considered the bill S. 1740 and the companion House bills. There had been some confusion existing as to the legislative history of the provisions of this particular bill as well as to its in-



tents and purpose. The subcommittee, therefore, made every effort to secure full and factual testimony from all parties concerned. This included not only information from the employee beneficial groups and the departments and agencies but also from outside business concerns. After consideration of this testimony the subcommittee arrived at the unanimous conclusion that the Congress has not only a legal obligation but also a moral responsibility for the passage of this bill.

Since this bill was reported by the full committee in the closing days of the first session, calls have been received from a considerable number of Members of this House as well as of the other body urging that favorable action be taken on this bill. I call your attention to this fact, that if action is not taken on this legislation, there are some 95,000 Federal employees or former employees whose insurance policies in these employee beneficial associations will be lost. This is due to the fact that with a decreasing base on which their premiums are based, the cost of continuing participation will be absolutely prohibitive. This is especially true of the some 40,000 retired Federal employees who are no longer able to secure commercial-type insurance due to their age or infirmities.

These 40,000 persons have term insurance policies ranging between \$300 and \$1,000. In some instances they have carried these policies on a term basis for over 30 years. They consider such policies to be their burial funds. In both the 83d and 84th Congresses, provisions of law were made to take care of the policies of these individuals.

In both Congresses this obligation was met. However, the 85th Congress in its 1st session failed to authorize the expenditure of moneys from the Federal group life insurance fund which would allow the Civil Service Commission to complete the absorption of those policies. As a result, a number of the associations are on the verge of breaking up and dissolving their group insurance policies. In fact, one group with some 6,500 members is carrying on on a day-to-day basis. I am informed other groups will, of necessity, have to be dissolved within the next few months unless this legislation is enacted. The enactment of this legislation, and I call your attention to this, involves in no way the use of appropriated money. There is an immediate cost to the Federal group life insurance fund of approximately \$76,500. That fund now enjoys a reserve of about \$120 million. Briefly, those are the reasons why this legislation is very much needed at the present time. In fact, it is imperative that prompt action be taken on this bill, if we expect to save the beneficiaries of these Federal employee group policies. There are some 40,000 retired who will benefit by this legislation. There are some 20,000 separated who are not yet retired and who will benefit by it. There is one thing which I would like to call to your attention in connection with the consideration of this bill. There are 25 of these employee benefit groups who were affected when the Federal life in-

surance program was adopted. The cost of the premium under the Federal life insurance group program is so much less than the cost of the premium to the members of these employee benefit groups that immediately they began to leave them and join the Federal life insurance program. The cost of the premium under the Federal life insurance program is 78 cents per thousand per month. The premium for the groups under these 25 employee groups ranges from \$1.78 per thousand per month to \$14 per month per thousand. The result is that immediately they began to leave these benefit groups and take the insurance out in the Federal employee insurance program.

There are 16 of these groups who have already been provided for. The Federal employee insurance program assumes all of the obligations under the old arrangement and takes over all of the assets which these employee group associations have. There are 16 of them already qualified who have already turned over their assets and whose obligations have been assumed by the Federal group-life insurance program. But, those 16 organizations carry only 55,000 membership. There still remain 9 of those associations to be taken care of and their membership is 95,000. So that the greater number of these employee benefit groups will still remain to be cared for. The present bill would take care of them. It is imperative that the legislation be enacted promptly. I know of no opposition to it, and I strongly urge that the legislation be adopted.

Mr. NEAL. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. NEAL. Has the age of the group you are taking over reached the point where they will become quite a liability for the life-insurance organization?

Mr. DAVIS of Georgia. The average age of the holders of membership of these employees is 58. Many are older than that. They have reached the age where unless this legislation is passed, the insurance they have been paying on for as long as 30 years in some instances, and which is looked upon as their burial fund, will be taken away from them, and they cannot get other insurance now. Being out of Government service they cannot participate in the Federal Government insurance program. So they will be left high and dry with nothing.

Mr. NEAL. I thank the gentleman.

Mr. MURRAY. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Georgia. I yield.

Mr. MURRAY. I heartily endorse the position taken by the gentleman in this case. It was passed unanimously by the Senate. It was also voted out unanimously by our committee. I do not think there is any objection to this bill.

Mr. DAVIS of Georgia. I thank the distinguished gentleman.

Mr. MURRAY. Mr. Chairman, I yield 5 minutes to the gentleman from Virginia [Mr. ROBESON].

Mr. ROBESON of Virginia. Mr. Chairman, I sponsored the House bill to

provide the legislation which we are now considering as S. 1740. It will allow the Federal Government to treat the retired employees of 9 groups equitably with those in the 15 which have already been taken care of.

I am not aware of any opposition to the legislation and see no reason why it should be opposed. Certainly I would not have sponsored it if I did not think it was meritorious and deserved support.

I yield back the remainder of my time.

Mr. REES of Kansas. Mr. Chairman, I am interested in the provisions of bill S. 1740 primarily because of the commitments the Congress made to a large number of retired Federal employees who would be seriously affected by our failure to act.

I was chairman of the committee during the 83d Congress when the Federal Employees' Group Life Insurance Act of 1954 was recommended for passage. The committee at that time gave serious consideration to the possibility that the establishment of a Federal life insurance program with some 2 million policyholders would tend to completely eliminate the life insurance policies of the 25 Federal employees' beneficial associations. It was recognized that the much power premium required on a 2 million base would cause the membership of these associations to drop their group insurance and accept the Federal insurance. This would reduce the insurance base of these smaller groups to such an extent that the premium they must pay for their insurance policies would be prohibitive.

The committee therefore recommended that the assets and liabilities of these various groups be assumed by the Federal employees' group life insurance fund, with the policies of the individual members remaining in force at face value and with the premiums to be paid therefor to be stabilized at their current rate. Section 10 of the act also authorizes the Civil Service Commission to use moneys from the Federal life insurance fund for the purposes of defraying the administrative expenses involved. The act further provided that the amount of such expenditure was to be limited by action of the Appropriations Committees.

During the 83d and 84th Congresses this contractual obligation of the Federal Government was recognized and authority to expend money for administrative expenses was granted. The 85th Congress, however, denied this authority. This action has jeopardized the life-insurance policies of some 95,000 employees and former employees of the Federal Government. Forty thousand of these are over 60 years of age and are not in a position to secure new insurance if they lose their present policies in the beneficial associations.

It is my sincere judgment that the Congress has entered into a firm agreement with these people whereby their life-insurance policies would be saved to them and that if we fail to act on S. 1740, we have violated not only a legal agreement but a moral responsibility.



The cost involved in assuming and maintaining the policies of these members of the employee beneficial associations does not in any way involve appropriated money. The action required is authority for the Civil Service Commission to expend the necessary money from the Federal Employees' Group Life Insurance Fund. This fund now has over \$120 million in reserve. The immediate cost involved in carrying out the provisions of this bill is estimated at \$76,500.

I feel that it is the equitable and fair thing to do to pass this bill in order to take care of the people holding policies in these few remaining beneficial associations.

Mr. MURRAY. Mr. Chairman, I have no further requests for time, and I yield back the remainder of my time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

*Be it enacted, etc.,* That section 5 (c) of the Federal Employees' Group Life Insurance Act of 1954 is amended by inserting before the colon preceding the proviso therein a comma and the following: "except that such funds shall be available, without regard to any such limitations, for payment of any such expenses incurred in assuming and maintaining the assets and liabilities of associations referred to in section 10."

With the following committee amendment:

Page 2, line 1, insert:

"Sec. 2. Section 10 (d) of the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2099 (d)) is amended to read as follows:

"(d) The arrangements authorized by this section shall be made not later than 3 months following the date of enactment of this amendment. Such arrangements shall apply only to life-insurance agreements existing on August 11, 1955, and on the date of the respective arrangement."

The committee amendment was agreed to.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly the Committee rose; and Mr. ALBERT having assumed the chair as Speaker pro tempore, Mr. EDMONDSON, chairman of the Committee of the Whole House on the State of the Union, reported that that Committee having had under consideration the bill (S. 1740), to authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations, pursuant to House Resolution 512, he reported the same back to the House, with an amendment adopted in Committee of the Whole.

The SPEAKER pro tempore. Under the rule the previous question is ordered.

The question is on the amendment.

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title of the bill was amended to read: Amend the title so as to read: "An act to authorize the payment from the employees' life insurance fund of

expenses incurred by the Civil Service Commission in making certain beneficial association assumption agreements and to extend the time for making such agreements."

#### FOREIGN TRADE INTERESTS IN MICHIGAN

(Mr. LESINSKI asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. LESINSKI. Mr. Speaker, since the time I was first elected to Congress, I have been receiving a large amount of correspondence in opposition to the foreign-trade policies which have been in effect for many years. However, despite that correspondence, in talking with people I have found the opposite view expressed.

In order to be factual and fair in my representation of my constituents, in 1956 I initiated a study for the express purpose of finding out exactly what the situation is in my district and the surrounding area. While there may be a slight difference of opinion today because of the critical unemployment situation and the lack of proper administration in the protection of industry at home, the facts show that foreign trade

programs benefit all, for if we do not buy we cannot sell.

The report Foreign Trade Interests in the State of Michigan was prepared by the Legislative Reference Service of the Library of Congress in 1956 and was printed in 1957 as House Document 209. I should like to present here a summary of the foreign-trade interests in Detroit and the nearby counties, which include Wayne, Oakland, Macomb, Monroe, and Washtenaw Counties. The survey included 80 percent of all manufacturing workers in Detroit and vicinity.

Almost 90 percent of the industrial workers in the Detroit area are employed by companies reporting that they have a positive interest in foreign trade, either in exporting some of their product, or in importing some of the raw materials they use. Concern over import competition is slight. Nearly half of all manufacturing employment in the area in 1954 was in the automotive industry.

As shown in the following tabulation, 53 companies employing only 3.2 percent of the manufacturing workers in the area, expressed any concern over competition from imports. Almost half of the companies reporting indicated that they had no direct interest in exports or imports, or any concern over import competition.

Summary of foreign trade interests in the Detroit area, 1954

Foreign trade interest	Companies reporting		Employment		Output	
	Total	Percentage distribution	Total	Percentage distribution	Total	Percentage distribution
		Percent		Percent	Millions	Percent
Positive interest.....	316	44.8	449,716	89.5	\$11,089	93.2
Concerned over import competition.....	53	7.5	16,012	3.2	301	2.5
No direct interest.....	336	47.6	36,541	7.3	507	4.3
Total.....	705	99.9	502,269	100.0	11,897	100.0

#### FOREIGN TRADE INTERESTS, BY INDUSTRY

In all but four of the industries in this area workers employed by companies reporting that they have a net positive interest in foreign trade were greater in number than those employed by companies reporting that they are concerned over import competition.

#### INDUSTRIES HAVING A NET "POSITIVE" INTEREST IN FOREIGN TRADE [In percent]

Industry	Distribution of workers employed by companies reporting—			Total
	A positive interest in foreign trade	Concern over import competition	No interest in foreign trade	
Tobacco.....	100.0	—	—	100
Automotive.....	99.5	—	0.5	100
Textiles.....	99.3	0.6	.1	100
Rubber products.....	97.2	.4	2.4	100
Paper products.....	94.9	—	5.1	100
Electrical machinery.....	94.1	.1	5.8	100
Transportation equipment.....	87.0	.4	12.6	100
Printing and publishing.....	38.9	—	61.1	100
Lumber and millwork.....	26.2	—	73.8	100
Machinery.....	85.0	3.0	12.0	100
Primary metals.....	84.8	5.0	10.2	100
Fabricated metals.....	69.5	2.7	27.8	100
Food products.....	64.5	7.5	28.0	100
Miscellaneous.....	60.5	22.8	16.7	100
Furniture and fixtures.....	31.8	12.8	55.4	100

#### INDUSTRIES WHOSE NET INTEREST IS CONCERN OVER IMPORT COMPETITION [In percent]

Industry	Distribution of workers employed by companies reporting—			Total
	A positive interest in foreign trade	Concern over import competition	No interest in foreign trade	
Instruments.....	10.2	74.2	15.6	100
Chemicals.....	38.4	55.8	5.8	100
Stone, clay, and glass.....	22.6	28.3	49.1	100
Apparel.....	1.8	13.1	85.1	100

#### INTEREST IN EXPORTS

About one-third of the reporting manufacturing companies in this area indicated that they export some of their product. These companies account for over 85 percent of total reported manufacturing employment in the area and their aggregate production in 1954 (\$11 billion) accounted for over 90 percent of total reported manufacturing output in the area. Exports are largest in the automotive, machinery, fabricated metals, and chemical industries. The proportion of exports to total output was greatest in the chemical industry, amounting to 12 percent in 1954.



## IMPORTED RAW MATERIALS

About 25 percent of the respondents, employing 374,000 workers, indicated that they use imported raw materials. The automotive industry accounts for the preponderant share of total employment in what might be called the "importing industries." Other important users of imported materials are: the machinery, fabricated metals, food products, primary metals, chemicals, transportation equipment, textiles, electrical machinery, rubber products and instrument manufacturing industries.

## IMPORT COMPETITION

The greatest proportion of companies indicating that they are concerned over import competition is in the apparel, textile, chemical, instruments, and rubber products industries. In terms of number of workers employed, concern over import competition is most concentrated in the instruments, chemical, stone, clay and glass, and miscellaneous industries.

About half of the 53 companies reporting concern over import competition indicated that the effects of such competition upon their business are substantial. The remainder indicated that the effects have been slight.

The 27 companies indicating that they are seriously concerned over imports employed about 11,000 workers, or 2 percent of all industrial workers covered in the area in 1954.

## AGRICULTURE

Although the Detroit area is Michigan's most heavily industrialized region, it accounts for approximately 10 percent of all agricultural activity in the State.

The foreign-trade interest in agriculture in the region is similar to that for the State as a whole, with export interests accounting for close to 20 percent of cash receipts from farm marketings, while concern over import competition is indicated with respect to commodities accounting for about 5 percent of total cash receipts. Over three-fourths of the commodities grown in the area are by producers who indicate that they have no direct interest in foreign trade.

Exports are important to growers of corn, soybeans, and wheat. On the import competitive side are eggs, onions, lettuce, potatoes, wool, and sugar beets.

Conditions in the Detroit marketing area have considerable influence upon the prosperity of Michigan farmers. In some instances the port facilities of Detroit afford the farmers a good opportunity to ship their produce abroad. However, the principal concern of farmers in the area is the prosperity of the Detroit area, based primarily upon manufacturing activity.

## A SALUTE TO THE HEROISM OF THOSE BEHIND THE IRON CURTAIN

(Mr. DELLAY asked and was given permission to extend his remarks at this point in the RECORD.)

Mr. DELLAY. Mr. Speaker, in commemorating the 40th anniversary of the proclamation of independence of the Byelorussian Democratic Republic, I bow

my head in mixed sadness and shame. Deep sympathy for those who have resisted and have died in a seemingly hopeless fight, but gave their all in a superhuman struggle to keep the fluttering spark of freedom glowing, even if dimly, behind the Iron Curtain. Sadness and a feeling of guilt and shame as I join with many fellow Americans, living in complete freedom and during a period of ample prosperity, trying to sound sincere in honoring the Byelorussians and their counterparts behind the Iron Curtain, who live in subjugation bordering on modern slavery. As each year passes the suffering of freedom loving people under the Kremlin heel goes on while some who mouth apparent sympathy and understanding, also speak of peaceful coexistence with the Kremlin. In order to relieve world tension, they ask that we should give thought to dealing on a common level with belief in God, merged with atheism, that 48 States and its Territories exemplifying the greatest freedoms of this world be represented in conferences with Soviet puppets who have joined hands with the bloody-handed masters in the Kremlin.

It was a great American who stated, "Give me liberty or give me death," another—"I regret that I have but one life to give for my Country."

As time passes such thoughts seem more expressive to the sacrifices made abroad in other lands rather than our own homeland, whose early history holds far more in common with our heroic and courageous freedom loving friends, than the craven phrases of "peaceful coexistence," that is becoming the chant that is music to the Soviet puppets for whom we will forsake those whom we would say we are honoring today. I will try to lift my head by stating that maximum economic sanctions against Soviet Russia, Red China and all puppet satellite governments be imposed.

Let us join in positive action rather than annual public utterances of sympathy and inaction. Let those nations who call for sacrifices on the part of other less fortunate countries stand with us. Let us not hold up our heads just long enough to be heard for a brief moment. Let us hold it up in pride and keep it up with continued courage in action.

## SURPLUS COTTON

(Mr. METCALF asked and was granted permission to extend his remarks at this point in the RECORD.)

Mr. METCALF. Mr. Speaker, I have introduced today a bill to instruct the Secretary of Agriculture to use surplus section 32 money to buy agricultural commodities and provide a varied diet for our needy. It is a companion to a measure being offered in the other body by the senior Senator from Alabama [Mr. HILL] and the junior Senator from North Carolina [Mr. SCOTT].

Section 32 of the Customs, or Tariff Act of 1935 appropriated 30 percent of all tariff receipts to the Department of Agriculture for the diversion from trade channels of surplus agricultural commodities.

This money is set aside in a special fund to be spent by the Secretary of Agriculture, among other things, to "encourage the domestic consumption of agricultural commodities by increasing their utilization through benefits, indemnities, donations or by other means, among persons in low income groups," as later amended to include the school lunch program, and to "reestablish farmers' purchasing power by making payments in connection with the normal production of any agricultural commodity for domestic consumption."

Receipts of the Department are running over \$200 million per year. A surplus has accumulated and it is provided that sums in excess of \$300 million revert to the Treasury at the end of each fiscal year. At the beginning of this year, there was a \$297-million carry-over and receipts will bring total funds available to the Department of Agriculture to more than \$514 million.

The Agriculture Appropriations hearings indicate that less than one-third of this amount will be spent for the purchase and distribution of surplus food to schoolchildren, charitable institutions and needy citizens. A balance of \$364 million is expected June 30, so \$300 million will be carried into fiscal 1959 and \$64 million will revert to the Treasury.

The Department is estimating that it will spend about \$150 million in fiscal 1959, out of more than \$500 million available, and let another \$67 million revert to the Treasury on July 1, 1960.

In the preceding 2 fiscal years, the Secretary has had available a total of more than \$600 million in section 32 funds. He spent \$361 million of it. In fiscal 1957, when he spent \$142.9 million in section 32 funds, the Department spent almost \$90 million, or three-fifths of that amount, on feed for livestock in flood and drought disaster areas. This is not to criticize disaster relief programs for livestock. It is to remind the administration that people are important, too.

As you know, we have more than 5 million unemployed in this country. The Pacific Northwest has been hit the hardest. As of the most recent report I have seen, Montana had the highest rate of unemployment in the Nation, 14.9 percent of those covered by unemployment compensation were jobless. The situation is virtually the same in Idaho, Washington, and Oregon.

Unemployment has continued until unemployment compensation benefits are running out for about 35,000 a week. Today, it is estimated that 2 million of these unemployed are without any income whatever. In addition, there are the other needy—dependent children, the crippled and the helpless. Additional millions of elder citizens live on pensions or social security payments too small to permit them a decent diet.

On the one hand we have such an abundance of farm commodities that farm prices are depressed. On the other are millions of our citizens being inadequately fed. In between is the Secretary of Agriculture with the authority and the money to help the farmers and the needy citizens of the Nation. It is







# Digest of CONGRESSIONAL PROCEEDINGS

OF INTEREST TO THE DEPARTMENT OF AGRICULTURE

OFFICE OF BUDGET AND FINANCE  
(For Department Staff Only)

Issued April 4, 1958  
For actions of April 3, 1958  
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HIGHLIGHTS: Both Houses agreed to conference report on road authorization bill. Rep. Whitten criticized Secretary's farm policies. Rep. Reuss criticized withholding of farm population estimates report.

## HOUSE

1. ROADS. Agreed, 300 to 28, to the conference report on H. R. 9821, the road authorization bill, after rejecting, 109 to 222, a motion by Rep. McGregor to recommit the report to the conference committee (pp. 5589-5605, 5607-08). For items of interest to this Department, see Digest 54.

The Senate also agreed to the conference report (pp. 5543-9). This bill will now be sent to the President.

2. FARM PROGRAM. Rep. Whitten criticized the Secretary's farm policies, stated that "his programs for American agriculture are not working," and called for a change in the position of Secretary of Agriculture. p. 5607

Rep. Reuss criticized the Department for withholding a recent farm population estimates report, and inserted what he contended was a portion of the report containing "a selection of comments made by a cross-section of America's farmers in response to a recent Department of Agriculture questionnaire." pp. 5613-16



3. FORESTRY. Rep. Porter urged the enactment of legislation to authorize the exchange of land or timber within the Siskiyou National Forest, Ore., for lands adjacent to the forest as a means "to help preserve the natural beauty of the Rogue Valley in the area." p. 5586
4. CHICORY IMPORTS. Concurred in the Senate amendments to H. R. 5005, to suspend for 2 years the duty on crude chicory, except endive, and to provide for a new rate of 2 cents per pound on ground or prepared chicory for the temporary 2-year period. (pp. 5587-88) This bill will now be sent to the President.
5. ECONOMIC CONDITIONS. Rep. Bonner called for Government programs to "restore public buying power," including "farmers' buying power." p. 5606
6. TRANSPORTATION TAXES. Received a R. I. Assembly memorial urging repeal of Federal excise taxes on the transportation of persons and property. p. 5621
7. ADJOURNED until Mon., Apr. 14. p. 5620

SENATE

8. LIFE INSURANCE. Concurred in the House amendments to S. 1740, to authorize payments from the employees' life insurance fund for expenses occurred in assuming the assets and liabilities of certain beneficial associations. This bill will now be sent to the President. p. 5533
9. FORESTRY. Sen. Neuberger urged that Klamath Indian forest lands be acquired and administered by the Forest Service, and inserted two articles on the Klamath Indian Forest problem. pp. 5537-40  
Sen. Humphrey inserted a statement by the National Parks Ass'n criticizing the Chamber of Commerce analysis of S. 1176, the wilderness preservation bill. pp. 5540-1  
Passed as reported S. 1748, to add certain lands located in Idaho and Wyo. to the Caribou and Targhee National Forests. p. 5550
10. LIVESTOCK. Sen. Proxmire stated that "the depression in the dairy industry created by Secretary Benson's sharp cut in supports is already starting to spread into the livestock industry," and urged Congress to override the President's veto of S. J. Res. 162, the price-support freeze measure. pp. 5552-3
11. COUNTRY LIFE. Sens. Thye and Stennis were added as cosponsors of S. 3596, to establish a Commission on Country Life. p. 5528
12. FARM CREDIT ADMINISTRATION. Received the nominations of Marvin J. Briggs and Frank Stubbs to be members of the Federal Farm Credit Board, FCA. p. 5585
13. FLOOD CONTROL. Sen. Yarborough urged the President not to veto S. 497, the rivers and harbors and flood control bill. p. 5533
14. ECONOMIC SITUATION. Sens. Douglas and Morse discussed the level of unemployment, the possibility of tax reduction, and the value of public works in raising the economy. pp. 5535-7
15. TEXTILES. Sen. Johnston stated that the cotton industry cannot compete with foreign producers and criticized the Tariff Commission and this Department for failing to grant relief to the cotton textile industry through import restrictions. pp. 5569-70



I cannot think of a better way to counter the mass training of youth behind the Iron Curtain than by an American style youth science corps. It seems to be within the powers of the administration to launch such a program at once without any added legislative authority or funds from Congress.

A policy statement is needed to the effect that each Reserve unit and individual is authorized and encouraged to assist in pre-science training of young people insofar as this does not interfere with the primary duties of the Reserves, and that reserve credit will be authorized for this work.

Given this help from the multi-billion dollar military reserve system, a youth science movement can fast take form and can enroll hundreds of thousands of young Americans eager for knowledge.

As a member of the Appropriations Committee, I intend to inquire into the national investment in the sevenfold program of the Reserves, now losing much of their old role in warfare that no longer would give them time to mobilize.

It would be a tragic loss, and a dangerous loss in the face of Russia's advances, if we failed to transmit the hard-won knowledge of today's veterans to our future defenders.

Mr. President, I have met with Colonel Parkin in my office. I have discussed the matter with him, and we intend to confer in the future.

It seems to me we should develop the organization in an orderly manner, with groups under the supervision of well-trained scientists, for the development of rockets, because we must not have the youth of our land acting like criminals, endeavoring to invade military depots to obtain ammunition or explosives to be used in rockets.

I believe we have erred. I think we ought to proceed with the military personnel we have in an orderly manner to organize our youth and to permit them to conduct organized launchings of rockets.

#### CERTAIN PUBLIC WORKS ON RIVERS AND HARBORS

Mr. YARBOROUGH. Mr. President, I am hopeful that when the President receives Senate bill 497, authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, the conference report on which was agreed to by the Senate last night, he will consider the fact that 96 Senators and 435 Representatives have worked on this measure, and that it represents the combined judgment of the two bodies.

There are provisions in it which many of us would like to have seen expanded. Had any individual Senator or Representative written the bill, it would not be exactly as it is. It is the composite of the hopes, aims, and brainwork of 531 legislators.

It is my further hope that the President will not see fit to veto the bill

merely because there are 3 or 4 items in it which he does not like.

I know that the distinguished Vice President, who now occupies the chair, is aware of the fact that in the give and take of the legislative process a bill such as this represents a composite judgment, often involving compromises.

This bill means much to the expansion of our trade by means of improving our harbors and waterways. The development of our water resources means much to the interior development of our country.

I feel that the President should sign the bill, and allow this great public-works program to go forward. It is a program which is badly needed at this time.

#### PAYMENT OF CERTAIN EXPENSES INCURRED BY CIVIL SERVICE COMMISSION

The VICE PRESIDENT laid before the Senate the amendments of the House of Representatives to the bill (S. 1740) to authorize the payment from the employee's life insurance fund of expenses incurred by the Civil Service Commission in assuming and maintaining the assets and liabilities of certain beneficial associations, which were, after line 9, insert:

SEC. 2. Section 10 (d) of the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2099 (d)) is amended to read as follows:

"(d) The arrangements authorized by this section shall be made not later than 3 months following the date of enactment of this amendment. Such arrangements shall apply only to life-insurance agreements existing on August 11, 1955, and on the date of the respective arrangement."

And to amend the title so as to read: "An act to authorize the payment from the employees' life-insurance fund of expenses incurred by the Civil Service Commission in making certain beneficial association assumption agreements and to extend the time for making such agreements."

Mr. JOHNSTON of South Carolina. Mr. President, I move that the Senate concur in the amendments of the House.

The bill comes back to us with only minor amendments. I have discussed the subject with both the majority leader and the minority leader, as well as the ranking Republican member of the committee, the Senator from Kansas [Mr. CARLSON]. One of the minor amendments allows 3 months additional time in which to perfect certain arrangements.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from South Carolina.

Mr. CARLSON. Mr. President, I am pleased that the Senate is about to complete action on a bill which will do justice to some organizations which should have been taken care of a year ago, when the Federal employees' group life insurance bill was passed.

Last year we passed a bill in the hope of taking care of about nine of these associations, but because of the lack of

funds and the time lapse, the Federal Government was unable to do it.

I am very happy that we have reached the point today at which we shall take over the associations of Federal employees insurance groups. They will be combined into the overall picture.

This bill should have been passed a year ago, but I am glad we are completing action upon it today.

Mr. JOHNSTON of South Carolina. Mr. President, I am glad to hear the Senator from Kansas make the statement which he has made. As he knows, our committee approved this particular bill last year, in the closing days of the session, but there was not sufficient time in which to complete action upon it. It now comes back to us from the House with only one minor amendment in the text, and an amendment to the title.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from South Carolina [Mr. JOHNSTON] to concur in the House amendments.

The motion was agreed to.

#### WHAT LABOR NEEDS

Mr. MUNDT. Mr. President, Prof. Kermit Eby, professor of social sciences at the University of Chicago, has served as a union organizer and in fact helped to organize the auto workers in 1935 and 1936. In 1948 he served as director of education and research for the CIO. Now, at the University of Chicago he is bringing to that campus an understanding of the union movement and a realistic approach to the problems of labor and management which is approached by few, if any, other universities in this country. His observations are always worth thoughtful study.

In the April issue of *The Progressive*, Prof. Kermit Eby makes a comprehensive analysis of some of the basic weaknesses and flaws in the present operation of many of our labor unions. He points out that some of them are functioning to serve the interests and to preserve the human dignity and opportunity of almost everybody but the laboring men and women who pay the dues which keep the labor unions rich and healthy. He makes a plea for a return to the concept that the labor unions exist for the workers of this country rather than the concept that the workers of this country exist for the unions.

#### THE CIO AND THE DEMOCRATIC PARTY

Incidentally, Mr. President, while on my feet let me call attention to another penetrating and provocative publication recently published under the auspices of the University of Chicago. I refer to a 162-page book entitled "The CIO and the Democratic Party," published by the University of Chicago Press and prepared by Fay Calkins. Every active citizen interested in the welfare and the future of freedom in this country should read this book which can be ordered from the University of Chicago Press, Chicago 37, if not available in your local book store or library. This careful, scientific study of some ugly facts in the political



life of our times should rock those who read it out of their dream world and make them realize that the attorney who selects his own jury is usually signally successful in winning his court cases.

The CIO and the Democratic Party is neither a piece of fiction nor a scholarly essay. It is a case study, replete with statistics and official records, broken up into seven startling chapters. Perhaps the most significant is chapter 6, entitled "Michigan: PAC Enters a State Party." Whether he reads it or not, every Democrat attending the 1960 National Democratic Convention is sure to learn something about the significance of chapter 6 before his convention nominates its candidates for President and Vice President in 1960.

Southern Democrats—who in the past 25 years have done so much and tried so hard to maintain some of the old Jeffersonian principles in the operations of their once glorious Democratic Party of States rights and individual freedoms—would do themselves a special favor by reading the CIO and the Democratic Party sometime between now and the next congressional election and, most certainly, sometime between now and the next Democratic National Convention. Otherwise they may not really know what has happened to them, their ideals, and their parties until it is too late to prevent something which they might otherwise find brave, courageous, and unprecedented ways to avert.

I now call attention to the article by Kermit Eby which induced me to take the floor, briefly, on this subject today. I ask to have incorporated at this point in my remarks the article entitled "What Labor Needs."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

#### WHAT LABOR NEEDS

(By Kermit Eby)

Before me, as I write, are two piles of sources. One contains resolutions concerning ethical practices, or lack thereof, of the AFL-CIO and many of its great member unions, such as steel, autoworkers, and machinists. In the other pile is the record of the AFL-CIO's attempts to implement its resolutions.

The resolutions read much the same, as if they had been drawn up by the same committee or the same lawyer. They decry corruption and emphasize the long historical criticisms of the movement toward corruption in business and government. They point with pride to the purge of communism in 1949, affirm their faith in democracy, and ask, by inference, a continued faith in their integrity. There is an undertone of hurt pride and a bit of arrogance in more than one of the resolutions, "for after all," they claim, "we are the defenders of the weak, the protectors of democracy, the enemies of reaction."

The records of action on resolutions are forthright, particularly in the AFL-CIO. The guilty leaders and unions are confronted with their guilt, threatened, and expelled. It took moral courage to expel 10 to 12 percent of an organization's dues-paying membership, which the teamsters represented. There is an evidence of good faith, too, on the part of the AFL-CIO in cooperating with the McClellan committee. All of this is good, but not good enough. Not even Walter Reuther's watchdog committee of prominent citizens is good enough.

Both resolution and watch-dog committees begin with the wrong assumptions. Underlying their action is a declaration that the guilty should be punished. Underlying my own position is the affirmation that the unions must ask why they are the guilty. For a long time I have had a continuing argument with a labor publicist who says I have no right to demand a higher morality of labor leaders than I do of any other members of the American economic community. And I always reply to him, "Indeed, I do"—just as I demand a higher morality of churchmen who profess dedication to more than secular values.

If I could influence the labor movement, there would be fewer resolutions and more personal and institutional introspection. It has long been my thesis that the tragedy of the labor movement has been its corruption by the mores of the world it once challenged. The examples are many and obvious in union practices:

1. Its drive toward salaries of union officers comparable to those of management.
2. Its ostentatious accommodations, in Washington and other cities where union headquarters are located.
3. The quality of the accommodations demanded by its representatives at conventions and meetings; hotels on the boardwalk in Atlantic City.
4. The Miami habit—going south for winter convention vacations.
5. Expense accounts and the use of money as a tool to influence policy.
6. The development of a "pork chopper" mentality—the distance between those who live on dues and those who pay them.
7. A tendency of union officials to look at the union as my union; the members as my members.

More than once I have pointed out that the Dave Beck who fell so far was once the darling of the business community, and more than once I have been told by members of the business community of Detroit: "You can do business with Hoffa; he doesn't run off at the mouth and want to reform the world."

There is much concern in the labor movement because of the discrepancy in McDonald's \$50,000 per year and the \$100,000 or \$150,000 of a United States Steel executive. It would be more relevant if the concern were expressed for the spread between the \$50,000 of McDonald and the \$5,000 of the dues payers who provide it. I would feel more hopeful if a bit more mea culpa was in the protest of those who write labor's resolutions, a bit more willingness to admit a common guilt.

The main trouble of so many labor leaders I have known is their lack of a sense of humor. They take themselves too seriously. Perhaps because they came to power in the movement by much speaking, they have become used to their own voices. They are poor conversationalists; in other words, they are poor listeners. As in all tight power structures, there is no one to say "Nuts" to officer bombast, not even the court fool who in times past could both regale and instruct the king. There is little or no self-criticism, and for all practical purposes no historical criticism in the movement, no letters to the editor, or talk back to officers. Yet the movement does respond to external criticism—thus it was in the case of corruption.

The labor movement as a minority movement grew and prospered with its highest value expressed in loyalty for those in the common cause. In the power structure loyalty is an important virtue in times of crisis, in wartime or strike, but it can muzzle criticism. The team is important, but the truth as men see it is more important. Because of this stress on loyalty, and the super-sensitivity of the leaders, there can be no equal exchange between men or little honest criticism. In order to make possible honest

evaluation, I would begin with freedom in the movement itself.

For example, the men who determine the top policy of the auto workers 3 years ago stressed the annual wage which was ratified by the convention. Then the educators went to work to indoctrinate the rank and file and succeeded. But that is not education, it's indoctrination. Education, from my point of view, means the willingness to begin with an open end instead of a fixed agenda. It assumes that educators make available to the workers all of the facts, even those contrary to the line.

This willingness must rest on the leaders' part in the labor movement as seen in their constant affirmation and dedication to their fellow men. Have they not, more than once, resolved that labor and the people who make it up are not commodities, but real flesh and blood persons? Because of this affirmation I have a tendency to be disturbed when a labor leader speaks about "my" union or even of the "rank and file."

The real heart of my argument rests on the conviction that there can be no real education in a voluntary organization until there is a frank appraisal of power and power relationships in the immediate area where power operates and power impinges. It just doesn't make sense to study power relationships in the other man's back yard while utterly ignoring your own.

If the labor movement had a sense of humor or was self-critical, it might ask why it builds its political strategy on a two-party system and takes advantage of the factions within a single party—and at the same time is everlastingly afraid of factions or parties in its own ranks. Many labor spokesmen are as humorless as the most concerned Communists who insist that it is freedom for the slate to be determined by the elite and voted for or against by the members.

Just listen to this, from the mouths of leaders of the steelworkers in Chicago (the same men who speak so eloquently of democracy) as they denounce the followers of Don Rarick, who had the temerity to challenge incumbent leadership and organize a dues protest committee which polled almost a third of the steelworker vote in a recent election:

First Joseph Germano, regional director: "The dues protest committee is a group of dissidents which numbers amongst its membership nearly all the Communists and Trotskyites that have been well known to the union." Al Whitehouse, another district director, said: "Our greatest enemies are the company stooges within our ranks." Charles Smith of the same rank declared: "Dirty rotten traitors are trying to destroy our union from within."

Now, one has to be more than a bit stuffy to take oneself so seriously as to imply that every third steelworker is a divisionist, or a stooge, or a traitor.

Practically, the problem is the concept of indispensability which is so prevalent in the movement. Self-perpetuation is the aim instead of preparation of men to succeed to power and take over responsibility. It seems to me that the chief problem of the AFL-CIO is its rigidity resulting from the middle-age of its leaders, the young radicals of the thirties. Unions today are great bodies, powerful organizations with no souls. Universally the plaint is: members do not come to the meetings. Really, why should they? The power structures are rigged, and there is no ideology unless it is an emphasis on more—more pay and more security.

To counteract this, I would resolve to initiate all policy from below, from shop and local groups, and to bring into these discussions every conflicting view and then seek synthesis. Frankly, I do not believe union democracy is possible unless men feel free to introduce controversy. There is utterly







Public Law 85-377  
85th Congress, S. 1740  
April 11, 1958

AN ACT

72 Stat. 87.

To authorize the payment from the Employees' Life Insurance Fund of expenses incurred by the Civil Service Commission in making certain beneficial association assumption agreements and to extend the time for making such agreements.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 5 (c) of the Federal Employees' Group Life Insurance Act of 1954 is amended by inserting before the colon preceding the proviso therein a comma and the following: "except that such fund shall be available, without regard to any such limitations, for payment of any such expenses incurred in assuming and maintaining the assets and liabilities of associations referred to in section 10".  
Federal Employees' Life Insurance.  
68 Stat. 739.  
5 USC 2094.

SEC. 2. Section 10 (d) of the Federal Employees' Group Life Insurance Act of 1954 (5 U. S. C. 2099 (d)) is amended to read as follows: 63 Stat. 742.

"(d) The arrangements authorized by this section shall be made not later than three months following the date of enactment of this amendment. Such arrangements shall apply only to life insurance agreements existing on August 11, 1955, and on the date of the respective arrangement." Restrictions.

Approved April 11, 1958.



